

**M Pictures Entertainment Public Company Limited**

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ANNUAL REPORT 2015



M Pictures Entertainment Public Company Limited



**ANNUAL REPORT | 2015**

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# Message from Chairman of the Board



Dear shareholders,

From 2015 to 2016, M Pictures Group has developed policies and strategies in order to reach our goal of becoming the leader of film-related business through film right distribution in multiple platforms; especially Free TV, Digital TV, internet, and Cable TV, as well as local film production for domestic market to meet the increasing change of consumer behavior on technologies. As a result of Thailand's decelerating economy caused by consumers' spending awareness which affected whole domestic market, including the theatrical side, the company's gross revenues decreased from 838.21 million in the previous year to 541.43 million baht in 2015. However, the company has already adjusted some strategies on management by focusing on reducing cost and expense with more efficiency.

The Board of Directors strongly believes that the adjustment of policies and strategy to current circumstances, especially film rights distribution in Cable TV and Digital Media, including other channels, will essentially advance the company to become the leader of film-related business with more stability.

On this occasion, I, on behalf of the Board of Directors, would like to express our highest appreciation to shareholders, investors, clients, business partners and associates for any kind supports. In addition, I would like to thank all the executives and also the employees for their hard work, dedication, and responsibility on various important assignments which firmly and increasingly strengthen the company as well as subsequently lead the organization to the goal-oriented achievement. I believe that the company still has prosperous potentials to grow further and I wish for your unfaltering support and cooperation.

Sincerely Yours,



Mr. Tirachai Vutithum  
Chairman of the Board

# Board of Directors



## Mr. Tirachai Vutithum

Independent Director and Chairman of the Board of Director

Age : 66

Shareholding : 0 %

Relationship with Management : No

Education :

- Ramkumhaeng University, Doctor of Philosophy Honorary Degree in Continuing Education
- American Coast University, Bachelor Degree in Psychology
- Ramkumhaeng University, Bachelor Degree in Business Administration

Training Program :

- Director Accreditation Program (DAP) 2004, Thai Institute of Director (IOD)
- Chief Executive Program, Class 8, Capital Market Academy (CMA)

Experiences :

- Present : Chairman of the Board, M Pictures Entertainment Plc.
- Chairman of developing futsal organization of Thailand
- Adviser to Executive Committee, Royal Thai Army Radio & Television
- Plan and Development Vice President, Rattana Bandit University
- President, Thai Male Soccer Player Foundation of Thailand
- Executive Committee, Aeronautical Radio of Thailand Ltd.
- Committee of Thai Sport Committee
- President, Bangkok Sport Association
- Representative, Thai Soccer Foundation
- Representative, Thai Rugby Foundation
- Vice Executive, Thailand University Games
- The Tour and Sports Commission
- Subcommittee Chairman, Rajpruek Club



## Mr. Vicha Poolvaraluk

Director and Vice Chairman of the Board of Director

Age : 53

Shareholding : 0 %

Relationship with Management : No

Education :

- United State International University of San Diego, U.S.A., Master Degree of Business Administration
- Chulalongkorn University, Bachelor Degree of Business Administration

Training Program :

- Directors Certification Program (DCP) Class 29/2003, Thai Institute of Director (IOD)

Experiences :

- 2008-Present : Director and Vice Chairman of the Board of Director, M Pictures Entertainment Plc
- 1995-Present : Director and Chief Executive Officer, Major Cineplex Group Plc.
- 2003-Present : Director, Siam Future Development Plc.
- 2012- Present : Chairman, Major Cares Foundation

# Board of Directors



## Mr. Thanakorn Puriwekin

Director and Chief Executive Officer

Age : 59

Shareholding : 0 .02%

Relationship with Management : Chief Executive Officer

Education :

- United State International University, U.S.A. ,  
Master Degree of Business Administration
- Bangkok University,  
Bachelor Degree of Business Administration.

Training Program :

- Director Accreditation Program (DAP),  
Thai Institute of Director (IOD)

Experiences :

- 2013- Present : Chief Executive Director /Director,  
M Pictures Entertainment Plc.  
and the Subsidiaries
- 1995-Present : Chief Film Officer/ Director,  
Major Cineplex Group Plc.  
and the Subsidiaries



## Mr. Thanachai Santichaikul

Independent Director and Chairman of Audit Committee

Age : 61

Shareholding : 0 %

Relationship with Management : No

Education :

- Thammasat University, Master Degree of Business Administration
- Chulalongkorn University, Bachelor degree of Accountancy

Training Program :

- Directors Certification Program (DCP) Class 18, Thai Institute of Director (IOD)
- Capital Market Academy Leadership Program (CMA) Class 1
- Graduate Diploma in Politics and Governance in Democratic Systems for Executives Course, Class 11/King Prajadhipok's Institute

Present Position :

- Independent Director/ Chairman of Audit Committee,  
M Pictures Entertainment Plc.
- Advisor, Printing and Paper Packaging Industry Group of  
The Federation of Thai Industry.
- Director, Federation of Accounting Professions of Thailand.
- Advisor, The Publishers and Booksellers Association of Thailand.
- Advisor, Thai Printing Association
- Advisor, The Faculty of Commerce and Accountancy of Chulalongkorn  
University Alumni Association.
- Advisor, VIV Group.
- Advisor, The Majestic Creek Country Club Co., Ltd.
- Audit Committee, Chulalongkorn University.
- Director, Chulabook of Chulalongkorn University.
- Executive Director, TPN Media Co.,Ltd.
- Independent Director and Audit Committee, LDC Plc.
- Independent Director and Audit Committee, Eastern Polymer Group Plc.

# Board of Directors



## Mr. Attapon Chodchoy

Independent Director and Audit Committee

Age : 59

Shareholding: 0 %

Relationship with Management : No

Education :

- Chulalongkorn University, Bachelor degree of Accountancy

Training Program :

- Directors Certification Program (DCP) Class 54/2005, Thai Institute of Director (IOD)

Experiences :

- 2012-Present : Independent Director/ Audit Committee, M Pictures Entertainment Plc
- 2012-Present : Independent Director/ Audit Committee, MK Restaurant Group Plc.
- 2012-Present : Finance Advisor, Unique Plastic Industry Co., Ltd.
- 2001-2011 : Corporate Director and Finance and Accounting Director, Molhnycke Health Care Thailand Co., Ltd.
- 1982-1999 : Executive Director/CFO, Minor Corporation Plc.
- 1979-1982 : Auditor, SGV na Thalang Co.,Ltd



## Mr. Vichate Tantiwanich

Independent Director and Audit Committee

Age : 54

Shareholding : 0%

Relationship with Management : No

Education :

- University of Hartford Connecticut, USA, MBA, Finance and Marketing
- Chulalongkorn University, Bachelor of Economics, Monetary and Public Economics

Training Program :

- Executive Leadership Program, Nida- Wharton, Pennsylvania, USA 2005
- Capital Market Academy (CMA#1) 2005
- Certified Financial Planner: CFP 2009

Experiences :

- Present : Director, Phatra Leasing Plc.
- Senior Vice President, Thai Beverage Plc.
- Chairman of Executive Board, Creative Entrepreneurship Development Institute – CEDI, Bangkok University
- Vice President of Steering Committee, Capital Market Academy
- Advisor, Market for Alternative Investment (MAI)
- Director and Chairman of Working Group in Finance business, International Chamber of Commerce –Thailand
- Advisor, Thai-Japanese Association
- Advisor, The Minister of Ministry of Commerce
- Committee, Export-Import Bank of Thailand (EXIM Bank)
- March 2012- December 2015 : Independent Director/Audit Committee, M Pictures Entertainment Plc.

# Board of Directors



## Mr. Vachara Tuntariyanond

Independent Director and Audit Committee

Age : 57

Shareholding : 0%

Relationship with Management : No

Education :

- Master of Science in Management Administration, Northrop University, California, USA.

Training Program :

- Thai Institute of Director (IOD);  
ACP 41/2012, MFM 8/2012, MFR 16/2012,  
MIA 13/2012, MIR 13/2012 , DCP 94/2007

Experiences :

- 2016- Present : Independent Director/Audit Committee, M Pictures Entertainment Plc.
- 2014- Present : Independent Director/ Chairman of Audit Committee, Krungthai Asset Management Plc.
- 2013- Present : Chairman of Board of Director/ Independent Director, Eastern Polymer Group Plc.
- 2013- Present : Director / Risk Director, National Credit Bureau Co.,Ltd.
- 2013- Present : Independent Director/Audit Committee, Big C Supercenter Plc.
- 2010- Present : Advisor, Fiscal Policy Office, Ministry of Finance.
- 2008- Present : Director, National Power Supply Plc.
- 2006- Present : Advisor, ACE Capital Plc
- 2006- Present : Advisor, Double A (1991) Plc.



## Mr. Verawat Ongvasith

Director

Age : 45

Shareholding : No

Relationship with Management : No

Education :

- Boston University, USA, Master Degree of Business Administration.
- Chulalongkorn University, Bachelor Degree of Business Administration.

Training Program:

- Directors Certification Program (DCP), Thai Institute of Director (IOD)

Experiences :

- 2013- Present : Director, M Pictures Entertainment Plc.
- 2002 -Present : Director / Executive Director, Major Cineplex Group Plc.
- 2003 – Present : Director, Siam Future Development Plc.
- Present : President, Sofitel So Bangkok.  
: President, Veranda Resort and Spa.  
: President, Veravat Construction Co.,Ltd.

# Board of Directors



## Mr. Surachedh Assawareunganun

Director

Age : 41

Shareholding : 0 %

Relationship with Management : No

Education :

- Assumption University of Thailand, Bachelor of Business Administration.

Experiences :

- 2015- Present : Director, M Pictures Entertainment Plc.
- 2003-Present : Managing Director, Film Business, Kantana Group Plc.
- 2004-2007 : Digital Content Committee, Ministry of Information and Communication Technology



## Miss Thitapat Issarapornpat

Director and Acting on behalf of Company Secretary

Age : 47

Shareholding : 0%

Relationship with Management : No

Education :

- Ramkhamhaeng University, Bachelor of Business Administration, Major in Accounting
- Chulalongkorn University, Master of Business Administration

Training Program:

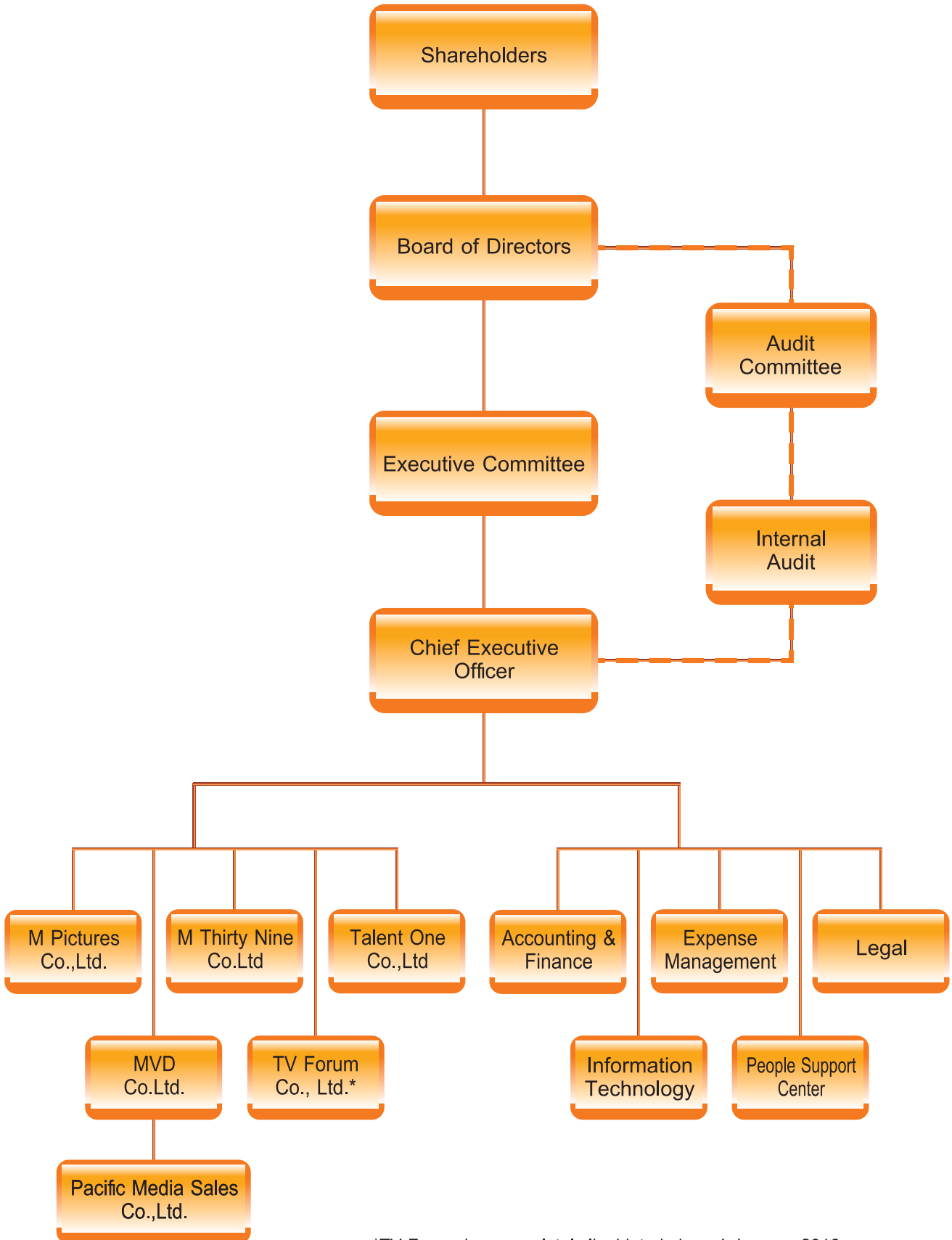
- Directors Certification Program (DCP148/2011), Thai Institute of Director (IOD)

Experience :

- Present : Director, M Picture Entertainment Plc. and the Subsidiaries
- : Chief Finance Officer, Company Secretary Major Cineplex Group Plc.
- : Director of Subsidiaries of Major Cineplex Group.
- : Director, Transformations Films.
- 1991 - 2009 : Accounting Manager, Wiik & Hoeglund Public Co., Ltd.

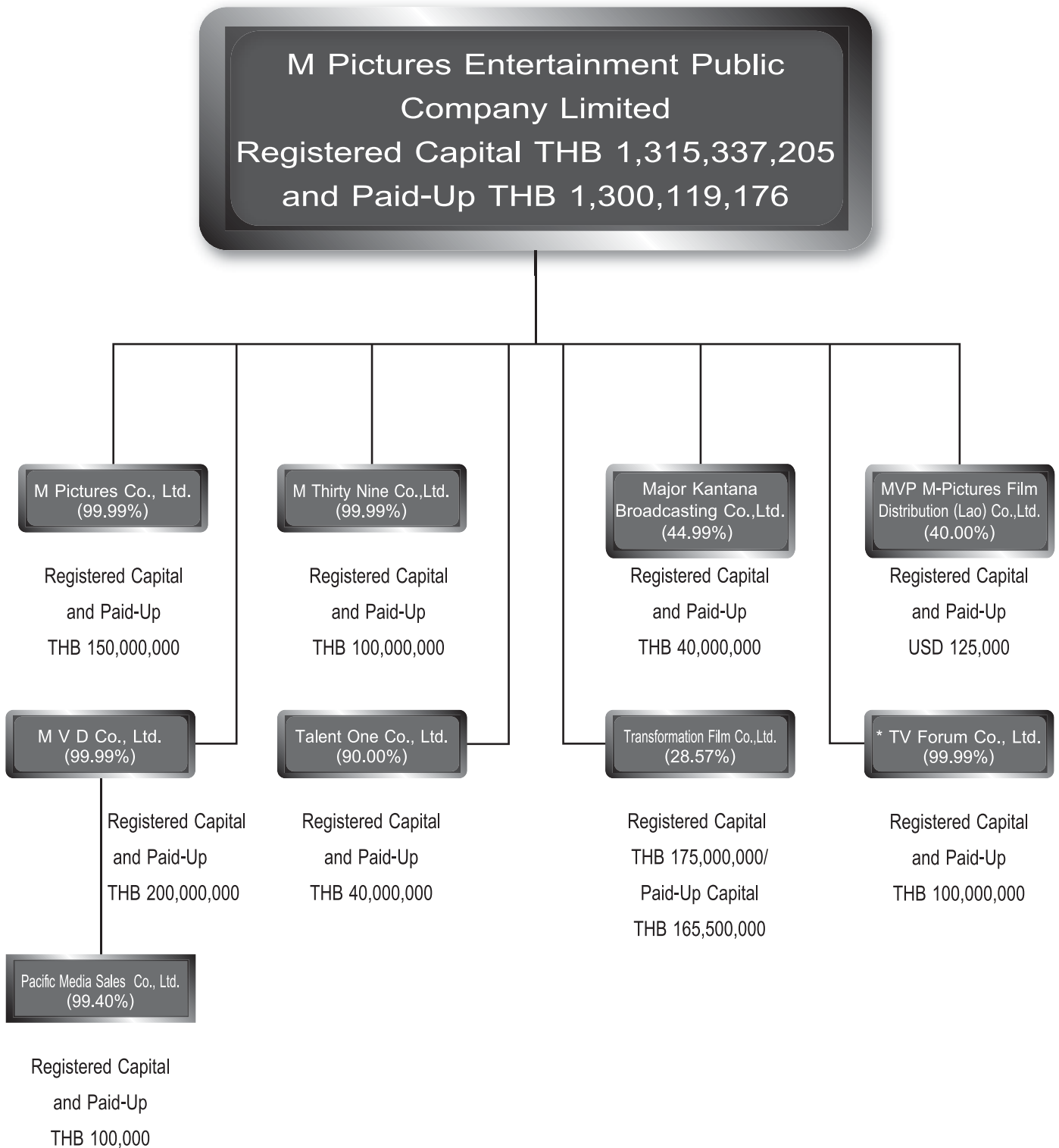


## Organization Chart As of December 31, 2015



\*TV Forum has completely liquidated since 4 January 2016

# Shareholding Structure As of December 31, 2015



\* TV Forum has completely liquidated since 4 January 2016

# Profiles of Company, Subsidiaries and Joint Ventures

## M Pictures Entertainment Plc. (MPIC)

Nature of Business	Invests in subsidiaries in entertainment media business and also invests in through subsidiaries.
Company Registration No.	0107544000124
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok
Website	<a href="http://www.mpictures.co.th/mpic/investors">www.mpictures.co.th/mpic/investors</a>
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Common Share 1,315,337,205 Shares Paid-Up THB 1,300,119,176

## M Pictures.Co.,Ltd. (MP)

Nature of Business	Provides and distributes film copyrights which engaged in film business by being the importer copyrights of International films especially from the important international film festivals, Asian independent film studios including Thai films and produces Thai films for feeding Cinemas and license to other person manufacture home entertainment medias.
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok
Website	<a href="http://www.mpictures.co.th">www.mpictures.co.th</a>
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Common Share 1,500,000 Shares

## M V D Co.,Ltd. (MVD)

Nature of Business	Provide film copyrights both international and Thai films to manufacture home entertainment medias
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok
Website	<a href="http://www.mvd.co.th">www.mvd.co.th</a>
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Common Share 20,000,000 Shares

## M Thirty Nine Co.,Ltd. (M39)

Nature of Business	Produces Thai Film as a production studio to provide films to cinemas and license to other person manufacture home entertainment Medias.
Head Office Location	1839 Paholyothin Road, Ladyao, Jatuchak, Bangkok
Website	<a href="http://www.m-thirtynine.com">www.m-thirtynine.com</a>
Telephone	02-5115811-4
Facsimile	02-5115810
Authorized capital	Common Share 1,000,000 Shares

**Pacific Media Sales Co.,Ltd. (PMSL)**

Nature of Business	Distributes and rent outs remaining stock of CD, VCD, and Games.
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Common Share 1,000 Shares

**TV Forum Co.,Ltd. (TVF) (The Company has completely liquidated since 4 January 2016)**

Nature of Business	Engages in the marketing management services, as well as advertising media business, by providing rental of program production equipment, as well as acts as agent for the sale of advertising media.
Head Office Location	234 Suzuki Avenue Building (Rachayothin) 13th Floor, Ratchayothin Road, Ladyao, Jatuchak, Bangkok
Telephone	02-5120300
Facsimile	02-5120301, 02-5120302
Authorized capital	Common Share 1,000,000 Shares

**Talent 1 Co., Ltd. (T1)**

Nature of Business	Book publisher and Thai film production studio to provide films to cinemas and license to other person manufacture home entertainment medias.
Head Office Location	4 Soi Sukhumvit 36, Napasap Yak 2, Sukhumvit Rd., Klongton, Klongteay, Bangkok
Telephone	02-2617899
Facsimile	02-2617890
Authorized capital	Common Share 400,000 Shares

**Major Kantana Broadcasting Co.,Ltd. (M Channel)**

Nature of Business	Operating cable Television business.
Head Office Location	991 Paragon Shopping Mall Building, 5-6th floor, Rama 1 Rd., Pathumwan Sub-district, Pathumwan district, Bangkok.
Telephone	02-1294638
Facsimile	02-1294638
Authorized capital	Common Share 4,000,000 Shares

**Transformation films Co.,Ltd. (TF)**

Nature of Business	Thai film studio
Head Office Location	6, Soi Nak Niwat 12, Nak Niwat Road, Lat Phrao , Lat Phrao, Bangkok
Telephone	02-9325600
Facsimile	02-9325600
Authorized capital	Common Share 1,750,000 Shares

### MVP M-Pictures Films Distribution (Lao) Co.,Ltd.

Nature of Business	Films distribution company in Lao
Head Office Location	4th Floor, Vientiane Centre Shopping Mall ,No 13,Kouvieng Road, Nongchan Village, Sisatannak District, Vientiane Capital, Lao People's Democratic Republic
Telephone	856-21 520451
Facsimile	856-21 222262
Authorized capital	Common Share 100,000 Shares

### References

Share Registrar	Thailand Securities Depository Co., Ltd.
Office Location	62, Ratchadaphisek Road, Khlong Toei Sub-district, Khlong Toei District, Bangkok.
Telephone	02-229-2800
Facsimile	2-359-1262-3

Financial Auditor	PricewaterhouseCoopers ABAS Limited.
Office Location	15th Floor Bangkok City Tower 179/74-80 South Sathorn Road Bangkok 10120
Telephone	02-3441000
Facsimile	02-2865050

# Background and Development

**M Pictures Entertainment Plc.** (Previous name) Traffic Corner Holdings Public Company Limited (“the Company”) was established on November 5, 2001 with an initial registered capital of THB 15 million. The objective of the Company is to invest in mass media companies, especially marketing management of sports events and news programs on radio and television. Afterward, the Company have merged with M Pictures Co.,Ltd. in order to extend the business to film entertainment business by providing Cinemas, DVD-VCD-Blu-Ray manufacturers, Free TV, Cable TV, Pay TV, and Digital Pay TV, film copyrights. Moreover, the company has invested in Thai film production through the Company’s subsidiaries since 2011. As of December 31, 2015, there is THB 1,315,337,205 of registered capital and THB 1,300,119,176 paid-up capital.

Present, the Company made investment in the business relating to entertainment media through cinemas, television, film production and home entertainment through subsidiaries as follows;

In 2008 the Company has invested in M Pictures Co.,Ltd. (MP) which engaged in film business by being the importer of copyrights of International films especially from various sources such as important international film festivals, Asian independent film studios for feeding Cinemas.

In 2009 the Company has invested in M V D Co.,Ltd. (MVD) (previous name is Pacific Marketing and Entertainment group Co.,Ltd.) which engages in film business by providing Thai and international film copyrights to manufacture home entertainment media. Resulted from investing in MVD, the Company becomes a major shareholders and parent company of M Thirty Nine Co., Ltd. (M39) and Pacific Media Sales Co.,Ltd. which was MVD’s subsidiaries.

In 2010 the Company has restructured and invested in M Thirty Nine Co.,Ltd. (M39) replace M V D Co.,Ltd. which engages in the business of Thai film production.

In 2013, the Company has invested additionally in 2 companies; Talent One Co.,Ltd. (Thai films production studio and book publisher) and Major Kantana Broadcasting Co.,Ltd (Cable TV) to strengthen our business and be suitable for the market and consumer at that time.

In 2014, the Company increased the registered capital in amount of 641,537,187 by Right Offering to the existing shareholders for supporting business in the group. Moreover, we joint invested 28.57% of registered capital (THB 175,000,000) in Thai film studio, Transformation Films Co.,Ltd., with True Icontent Co.,Ltd., Matching Studio Plus Co.,Ltd and Bangkok Film Studio Co.,Ltd.

In 2015, the company has joint invested with MVP Entertainment Pte., Ltd. (Singapore) in portion of 40 % of the share established MVP M-PICTURES Film Distribution (Lao) Co., Ltd. aims to distribute films' rights in Lao RPD. (Registered capital 1,000,000,000 kip or 125,000 USD approximately)

Presently, the Company has investment in 8 companies as below;

1. M Pictures Co., Ltd. (Invested in February 2008)
2. M V D Co., Ltd. (Invested in July 2009)
3. M Thirty Nine Co., Ltd. (Invested in March 2010)
4. Pacific Media Sales Co., Ltd.\*
5. Talent One Co., Ltd. (Invested in Year 2013)
6. Major Kantana Co., Ltd. (Invested in Year 2013)
7. Transformation Films Co., Ltd. (Invested in Year 2014)
8. MVP M-PICTURES Film Distribution (Lao) Co., Ltd (Invested in Year 2015)

Remarks \* MVD's subsidiaries.

## Nature of Business

### M Pictures Entertainment Plc.

M Pictures Entertainment Plc. invests in companies engaged in the media movie business, provides ,and buys Thai & International films copyrights for cinemas, provides rights to Free TV, Cable TV, Pay TV ,and Digital Media. In addition, the Company has invested in Thai Film Production and Home entertainment business in form of DVD-VCD and Blu-Ray which generated the most revenue for the Group.

### Products/Services

No.	Company	Categories of Products and Services	Channels	Remarks
1.	M Pictures Entertainment Plc.	Engages business of providing and buying Asian & International film copyrights and invests in home entertainment media business and Thai films Production.	Through subsidiaries	-
2.	M Pictures Co.,Ltd.	Provides and buys Asian and International films copyrights from well-known studios and produces Thai films as production studio.	Theatrical and non-theatrical Channel.	-
3.	M V D Co.,Ltd.	Provides and buys Thai and international film copyrights for home entertainment media	Home entertainment medias	-
4.	Pacific Media Sales Co.,Ltd.	Distributes and rent out service of Movie VCD, Series, Varieties, Songs, and Games	Through agents and VDO rentals	-
5.	M Thirty Nine Co.,Ltd.	Thai Films Production studio	Theatrical and non-theatrical Channel.	-
6.	Talent 1 Co.,Ltd.	Book publisher and Thai film production studio	Book store and Theatrical and non-theatrical Channel.	-
7.	Transformation Films Co.,Ltd.	Thai Film Production Studio	Theatrical and non-theatrical Channel	-



No.	Company	Categories of Products and Services	Channels	Remarks
8.	Major Kantana Broadcasting Co.,Ltd.	Cable T.V. and Satellite T.V.	Via M Channel	-
9.	MVP M-Pictures Film Distribution (Lao) Co.,Ltd.	Films' distribution company in Lao	Theatrical and non-theatrical Channel	-
10.	TV Forum Co.,Ltd.	Engages in the marketing management services, as well as advertising media business, by providing rental of program production equipment, as well as acts as agent for the sale of advertising media.	-	Already liquidated since 4 January 2016

## Marketing and Competitive Condition

### Marketing Policy and Making Strategy

#### *Marketing Strategies*

- **Strategy on movie quality**

The Group is looking to obtain copyrights for international and Thai films, as well as production and distribution of movies on VCD, DVD, Blue Ray, Free TV, Pay TV, and Digital Media such as Video on demand, with a focus on a vast variety of quality movies. The Company will acquire movies from widely accepted sources such as international film festivals worldwide, movie studios that could win popularity in Asian Region, independent producers of groundbreaking films, as well as movie studios in Thailand. In the production of Thai movies, the Company gives priority to viewers' preference, gender and age, including their income, while trying to promote the production of quality Thai films to gain popularity among viewers.

- **Strategy on intra-group support services**

The Group is currently an operator of a full-fledged movie business, ranging from providing of Thai and international movie rights, Thai moviemaking to production of movies on VCD, DVD and Blue Ray discs. Its copyright films could be distributed and/or released extensively via different channels due to a strong relationship of the Company with Major Cineplex Group Plc., its parent company and Thailand's leading cinema operator with a network of movie theaters in all parts of the country. Moreover, the Company has strong partnership with MVP Entertainment for distributing films' rights in Lao. This somewhat fully integrated business partnership gives the Company an edge over other players operating a similar type of business.

- **Strategy on consumers' preference**

Since consumers have become more selective about the type of movies they prefer watching, the Company needs to adjust itself to address the said changing consumer behavior. Realizing that moviegoers' personal taste is a crucial factor that could affect its performance, the Company must find movies that match the taste of all consumer segments and age groups and must also acquire films and produce Thai movies in alignment with the festive seasons in order to stimulate the movie consumption in Thailand.

**Group of Target**

- All kinds and ages of Customers.
- Cinemas.
- Free TV, Cable TV, Pay TV, Pay Digital TV. IPTV, VOD
- Home entertainment media entrepreneurs.
- International entertainment media entrepreneurs.

**Competitive Potential**

The Group is operating a comprehensive range of movie business, consisting of a foreign film rights importing and distributing business, a Thai moviemaking business, and a home-entertainment business, producing movies on VCD, DVD and Blue Ray. It also is a subsidiary of Major Cineplex Group Plc., Thailand's leading cinema operator with theater locations all over the country. This strength enables the Company to grow strongly and in pace with other players and gives it an opportunity to efficiently manage group businesses and internal resources for an optimum benefit. With intra-group support services such as advertising media, theater network, etc., the Company is capable of better responding to consumers' demand, as well as continuously expanding its customer base, while the Group's movie media could increasingly draw consumer interest.

The Group has additionally developed and introduced the digital media, which could attract new consumer segments, hence enabling it to tap a new target market. Moreover, the Group also distributes films' rights to international market such as Cambodia, Lao, Hong Kong and in international films festival.

**Providing of Products and Services**

The Group has engaged in a movie business, acquiring, through its subsidiaries, copyrights for quality movies from film festivals around the world such as world-class Hollywood-based studios, Asia-based studios, independent studios, and studios in Thailand. A member of the Group produces Thai movies for theatrical release and another member produces movies on VCD, DVD and Blue Ray and sells rights for those movie releases on free TV, cable TV and digital media, which could address customers' need for viewing movies on diverse kinds of media.

### M Pictures Co.,Ltd.

Engages film business by buying international and Thai films for showing through Cinemas and permits film copyrights on remuneration basis to home entertainment manufacturers. Furthermore, the Company has a strategy to increase business channels by broadcasting the Company's films through Free TV, Cable TV, Pay TV and Video on Demand.

- **Products/Services**

Provides and buys quality film copyrights from Europe, America, Asia, and Thai in order to manage such films' rights by showing and distributing them through direct and indirect such as cinemas, home entertainment media, Free TV, Cable TV and Video on Demand.

- **Marketing Strategies**

M Pictures Co., Ltd. emphasizes the acquisition of rights for quality movies from abroad such as Europe, the US, Asia and well-known independent studios. Movies are selected by basing primarily on viewers' preference so as to best match their demand. The movies are released through the following channels and methods:

#### Theatrical release

The company has agreements which distribute revenue in the same standard with theaters such as Major Group's, EGV's and SF's including the provincial cinemas.

#### Marketing Planning

The Company plans to promote and advertise the Company's films which will present in Cinemas for focusing on target group of viewers.

#### Home entertainment Business

The Company licenses film copyrights to the big home entertainment media manufacturer to make into DVD, VCD, and Blu-Ray for distribution.

#### Pay TV broadcast business

The Company permits film copyrights to Pay TV, and Cable TV, the big and popular channels such as TRUE Vision, M Channels

#### Free TV broadcast business

The Company permits film copyrights to Free TV and Free Cable TV such as Channel 7 and MONO channel.

#### Internet, IPTV business

The Company permits film copyrights to Internet IPTV such as Zab Movie, AIS Video.

All above sources of income are major income of the Company. The Company tries to find more channels for distributing the Company's films which will increase the Company's turnover.

- **Competitive Potential**

The past year the economic decelerated. However, M Pictures Co., Ltd., an importer of foreign movie copyrights, has had a strong capital base. Besides, competition in this business is not tough because there are a small number of players and each of them captures a distinct share of market. In view of these factors,

together with the fact that the Company has several and definite marketing channels, there is no concern about competition with other peers.

- **Customer**

Direct customers of the Company are Cinemas, Home Entertainment Manufactures, Pay TV, Digital TV, Cable TV, Free TV, and indirect customers are minor who watch the Company's films from TV or Cable broadcasting and buy home entertainment media from the Company's business partners.

#### M V D Co.,Ltd.

Engage home entertainment media manufacture and distribution in form of DVD, VCD, and Blu-Ray from Hollywood, Independent Studio and Thai Studio.

- **Products/Services**

Provide quality Thai and international films to make into DVD, VCD, and Blu-Ray for distribution.

- **Marketing Strategies**

MVD Co., Ltd. has selected a vast variety of popular Thai and international movies to most truly serve consumers' home-entertainment demand. A focus has been placed on attractive and trendy package designs so that buyers might wish to collect rather than buying the movies simply for viewing purpose. Aside from the production and distribution plans, the Company has partnered with strong distributors such as 7 Eleven, Mangpong, B2S, Boomerang, etc. and has endeavored to increase the distribution channels such as Lazada and Tarad.com to ensure a broader consumer reach and the Company's stronger income growth.

- **Competitive Potential**

The past year, Home Entertainment business decelerated which cause the revenue of the company could not hit the goal but it did not much affect the financial status because MVD is currently the country's top ranking home entertainment operator since it has a network of product and service distribution channels and service centers in all parts of the country. As such, the Company has equal or greater competitive edge over other players.

#### M Thirty Nine Co.,Ltd.

Core business as Thai film production for showing through Cinemas and permitting film copyrights on remuneration basis to home entertainment manufacturers to produce DVD, VCD, and Blue-Ray and also to increase business channels by broadcasting the Company's films through Free TV, Cable TV, and Digital media.

- **Products/Services**

M Thirty Nine Co., Ltd. has engaged in Thai movie production business. It targets to produce around 4-5 quality films a year for theatrical releases, with different contents. In 2015, the revenue from M39 was not satisfied but "Pha Happy" and "Senior" were successful movie and well received overwhelming responses from moviegoers.

- **Marketing Strategies**

Consumers have become more selective about the movies of their preference and paid greater attention to Thai movies. The Company has devised marketing and advertising strategies with proper timing for releasing its movies to best match consumers' taste.

The Group's full range of entertainment business enables group-wide maximization of resources management. Moreover, an increase in its business lines helps to expand the Group's income sources from support services and movie advertising.

- **Competitive Potential**

There are a growing number of Thai movie productions, some of whom are successful and some are not. M Thirty Nine Co., Ltd. operates the business with a strong determination and best effort in order to remain competitive with other players. In the past year, there were successful films "Pha Happy" and "Senior" being the evidence to its ability to well responds to consumers' demand.

#### Talent One Co.,Ltd

Core business as Thai film production for showing through Cinemas and permitting film copyrights on remuneration basis to home entertainment manufacturers to produce DVD, VCD, and Blue-Ray and also to expand business channels by broadcasting the Company's films through Free TV, Cable TV, and Pay Digital Cable TV. Moreover, Talent One Co.,Ltd is an acceptable book publisher.

- **Products/Services**

Talent 1 Co., Ltd. has engaged in Thai movie production business and book publisher. By the year 2015 the company is studying and developing the screenplay so there no movie. However, company has produced series "Seventh-day revenge" broadcasting via Workpoint channel.

- **Marketing Strategies**

Consumers have become more selective about the movies and Thai films business dropped by comparing the years before so the company focuses on development of the screenplay to match with consumers' taste.

#### **Competitive Potential**

There are a growing number of Thai movie productions. Talent One Co., Ltd. Is a new Thai film production studio with a strong determination and best effort in order to remain competitive with other studio. Moreover, the strength of its group members which engage in movie theater business and home entertainment business will also help to enhance the Company's competitive potential in this industry.

#### Pacific Media Sales Co.,Ltd.

Engage business as entertainment media distributor and VDO rental of movie CD, VCD, series, TV variety, songs, and games.

- **Products/Services**

Distribute remained stock of CD, VCD, DVD.

- **Marketing Strategy**

The Company tries to manage remained product stock by adjust and improve product packages to new look and distribute and rent out through agents and VDO rentals.

- **Competitive Potential**

As Group of Company is in business area of VCD and DVD distribution, the Company snatches the distribution channels of the Group of Company to present the Company's products. The business of Pacific Media Sales Co., Ltd. is just only the support business of Group. Therefore, there is no direct effect from business competition.

TV Forum Co.,Ltd.

Engages in the marketing management services, as well as advertising media business, by providing rental of program production equipment, as well as acts as agent for the sale of advertising media, however, the Company has completely liquidated since 4 January 2016.

## Risk Factors

### Risk Regarding Operation Results Depending on the Film Market Industry

The Company carries on the business of producing Thai films and procuring both Thai and foreign film licenses, especially films licenses from major outfits and from independent outfits, so as to manage them for revenues to be generated for the Company, the production of Thai films and the procurement of copyrights in foreign films are deemed to serve as a main source of revenues of the Company. Consequently, there may be a risk in the event the film producers are not able to produce films that keep pace with and/or are of quality and/or correspond to the consumers' needs. However, the Company has mitigated the impact by procuring award-winning films and/or films from independent outfits. In addition, the Group has now produced and distributed Thai films, with a plan for all-year shows, and prepared more Thai movies for supporting the theatrical.

The risk regarding operation results depending on the film market industry is, therefore, at low level.

### Risk Regarding Consumers' Tastes

The Company carries on the business of producing Thai films and procuring both Thai and foreign film's licenses so as to manage them for revenues to be generated for the Company. Therefore, the Company may have a risk in the event the film producers are not able to produce films that keep pace with and/or are of quality and correspond entirely to the consumers' needs and tastes. This depends on the selection of film categories by the Company, which must have regard mainly to popularity, suitability to sex and age of consumers as well as their economic status. In the previous year, the Company had many titles of both Thai and foreign films that had become successful such as Imitation Game, Attract on Titan 1-2 and Thai Movie "Senior".

The Company's risk regarding consumers' tastes is, therefore, at low level.

### Risk Regarding Exchange Rates

The domestic problems and the economic conditions both inside and outside the country produced great impacts on the exchange rate fluctuation, thereby affecting the Company, which imports foreign films, using foreign currencies, i.e. U.S. Dollar, Euro and currencies of some Asian countries, to trade in film licenses. This fluctuation therefore produces business impacts on the Company.

Regarding this point, the Company has planned to reduce the risk factor and the fluctuation in exchange rates by preparing a budget to select and purchase films carefully, making available a succinct structure of spending and estimated returns on the film licenses so purchased and negotiating with the license sellers to

obtain good quality films at appropriate prices, as well as by building good connections with the license sellers to compensate for the exchange rate impact that may occur.

#### **Risk from Interest Rate**

The Company encounters interest rate risk that is crucially associated with the overdrafts and loans from financial institutions with floating interest rates. It therefore is vulnerable to interest rate fluctuations, which might affect the Group's operating results and cash flow.

Realizing the importance of cushioning against impacts from such risk, the Company has adopted a policy on strict control and planning for its income and budget spending to ensure a low finance cost. The Group has not utilized derivatives for hedging against the said interest rate risk.

#### **Risk from Business Competition**

In an overall picture, the competition in the business of acquiring and distributing films of the Company in the year of 2015 had not much effect on the Company though, there are new films' distributors such as Handmade Distribution and MonoFlim but there are a small number of operators of business in the same category and of the same size as those of the Company. But a significant factor that affects this business results from a change in the behavior of consumers who become more selective about movies to be viewed. This problem therefore requires that the Company adjust itself to accommodate this change in the consumers' behavior by procuring films and producing Thai films that respond more to the consumers' needs so as to keep the continuous growth of its revenues. In addition, since the Company has strong connections with a large company that is the biggest owner of theaters in Thailand, it has a channel to publish the films produced by the Group and those in which the copyrights have been purchased. This advantage is deemed a significant strong point of the Company when compared to its business competitors.

In the previous year of 2015, regarding the procurement of film copyrights and the production of Thai films by the Company, the films distributed by the Company became successful because they could respond well to the consumers' needs. Moreover, the Company laid down its marketing strategies carefully and planned to expand its customer base by selecting films of greater quality and with more variety. In addition, for adding value of our Thai film rights, the Company has found other distribution channels to abroad.

#### **Risk from Copyright Infringements**

The spread of pirated goods and internet infringement are important problems that impair the growth of the motion picture business in Thailand a lot. Manufacturers and distributors of proper copyrights in Thailand have suffered impacts from these problems continuously. The Group, which conducts the business of distributing licenses and producing films for theater shows as well as manufacturing and distributing film



media, that is, DVD, VCD and Blu-ray, that are regarded as a main channel of revenues of the Company, will also suffer this impact, which results in a risk in terms of revenues or operation results that the Company ought to receive as a result of its investment in those film licenses.

At present, both large and small operators of film media business, including the public sector, being aware of copyright infringements, cooperate in finding ways to prevent and suppress such illegal acts by setting up a joint agency performing the duty to detect sources of pirated film media production and by pressing lessors of premises to terminate the space leases and join the state authority to arrest offenders. As a result, the film piracy rate remains constant or does not increase, and it is expected that it will decrease to one that cannot produce impacts or produces minimum effect on the operators of lawful film media business.

#### **Risk from a major shareholder holding more than 75%**

The Company has a major shareholder holding 92.49% of the paid-up shares of MPIC which is Major Cineplex Group having the controls and influencing on the decision of the Company in the matters which have to be approved by the shareholder's meeting therefore, the other shareholders of the Company lose the power to check and balance on the issue brought up by the said major shareholder.

#### **Risk from having minor shareholder less than 15%**

As of 31 December 2015, paid up ordinary shares of the Company in amount of 92.49% was hold by a major shareholder and 7.51 was hold by other shareholders which affecting the volume of trade in the stock exchange hence the shareholders and investors could not trade in the time he/she desires. Moreover, the Company has minor shareholder less than 15% affecting the status of company listing in SET which the Company have been concerned and try to resolve the regard as soon as possible.

## Corporate Governance

The Board of Directors recognizes the importance of good corporate governance as an important and essential element in the sustainable growth and prosperity of its business operation, to improve transparency, and to increase shareholders and other related parties' confidence, The Board has, therefore, devised a policy for the Company which incorporates the principles of corporate governance under the operational regulations of the Stock Exchange of Thailand as follows:

### 1. Setting the Corporate Governance Policy

1. The Company will treat every shareholder and stakeholder on equal and fair basis.
2. The Company will conduct its business activity with transparency, accountability, and disclose sufficient and comprehensive information to all parties concerned.
3. The Company will conduct its business activity with constant consideration of risks through appropriate control and management of risk procedures.
4. The Company's Board of Directors comprises at least 3 independent directors.
5. The Company's Board of Directors will hold a regular meeting, and may hold other additional meetings if required. The date of the meeting will be scheduled in advance, together with the clear outline of the meeting agendas. This will be submitted prior to the meeting, together with supporting documents in line with the Company's articles of association so that the Company's Board of Directors has sufficient time to study the information prior to attending the meeting.
6. The Company's Board of Directors values the establishment of an internal control system, both financial and performance control, as well as the supervision of its operation. In this regard, the Board has set up an independent internal audit work unit as part of the Company's business operation.
7. The Board of the Company will ensure the application of ethical guidelines to the Company's business performance, the desired good work ethics of directors and staffs, and will communicate these ethics to all related departments for information.

### 2. Rights and Equality of Shareholders

The Company recognizes the significance of shareholder's rights in accessing information on the Company, through its policy of providing clear information that is transparent, accurate, and fair. In this connection, the Company submits news and information on its performance results, investment in various projects, as well as company and group transactions on a regular and timely basis. Shareholders are entitled to receive such Company information on a fair and equal basis, and are entitled to attend the meetings, vote, and express their opinions during the shareholders' meeting (as per details in clause number 4). Each and every shareholder has equal rights as follows:

1. The right to receive information on the Company's operation on a regular and timely basis.
2. The right to participate in the shareholders' meetings, express opinions and
3. The right to be informed of Company and groups related transactions
4. Other legal rights

### 3. Stakeholders' Rights

The Company values the rights of every group of stakeholders including staff, executives, trade partners, executives, client, and shareholders and related parties, in accordance with their roles, functions, and responsibilities to comply with the relevant rules and regulations for the purpose of the Company's healthy performance and stable growth.

- **Shareholders** the Company discloses information with transparency and reliability in order to create understanding and highest satisfaction amongst its shareholders.
- **Staff** the Company has consistently treated its staff with fairness, and has assumed responsibility for the maintenance of work environment that is considered safe for the lives and assets of staff, and in strict compliance with the labor law, providing welfare, and paying proper compensation
- **Clients** the Company treats all its clients on fair and equal basis, and does not sign direct contracts with any exclusive advertising agency/ product owner client. Neither does it disclose client information to outside parties without receiving prior permission from the client or from authorized personnel within the Group;
- **Business Partners** the business activities of trade partner must not in any way damage the Company's business reputation, or contradict with the regulations. Consideration is given to fairness in terms of business operation and mutual interests with clients.
- **Society** The Company has partnered with Major Care Foundation in activities for the benefit of society.

### 4. The Shareholders' Meeting

The Company schedules a General Shareholders' Meeting once a year, not longer than 4 months after the Company's fiscal year end date. In 2015, the Company held the Annual General Shareholders' meeting on 21 April 2015, in order to consider various important agendas. It has dispatched the appointment/invitation letters together with supporting documents providing sufficient and comprehensive information to the Company's share registrar for onward delivery to the shareholders to study the afore-mentioned information in detail. Furthermore, the Company facilitated the shareholders' participation in the shareholders' meeting by having the meeting room easily accessible, and in the event the shareholder cannot attend the meeting in person, he

may authorize other individuals to attend in his place or authorize one of the independent to vote on his behalf.

The Company's Board of Directors gives importance to meeting attendance, and at least half of the total number of directors must attend the meeting, including the Audit Committee which also comprises the independent directors. At every meeting, the Chairman of the meeting will explain to the shareholders the meeting procedures, the exercise of voting rights, and the right to express opinions. Opportunity will be given for shareholders to make queries and recommendations on various issues, and the Company's management team, including the financial auditor attending the meeting will answer any questions raised on the agendas.

## 5. Role, Leadership, and Vision

The Company's Board of Directors is responsible to its shareholders for the Company's business performance, and for overseeing that management of the business is in line with the objectives and guidelines set, and in the shareholders' best interests; while at the same time taking into consideration the interests of all stakeholders.

In its operation, the Board has appointed the Group's Chairman of the Executive Committee who is responsible for the management of the Company's regular business affairs, and has clearly defined the roles and functions of the Board of Directors and the senior management so that the operation proceeds most effectively, in accordance with the policy set. The Company's directors are individuals with knowledge and capability who has undergone various training programs from the Thai Institute of Directors Association-IOD) as follows:

### Director Certification Program (DCP)

Mr. Vicha Poolvaraluk  
Mr. Thanachai Santichaikul  
Mr. Attapon Chodchoy  
Mr. Vachara Tuntariyanond  
Mr. Verawat Ongvasith  
Ms. Thitapat Issarapornpat

### Director Accreditation Program

Mr. Tirachai Vutithum  
Mr. Thanakorn Puriwekin

## 6. Conflict of Interest

The Board of Directors recognizes the significance of carefully considering transactions which may create conflict of interest, related or connected transactions, and will treat them the same way it treats with outside

parties, upholding and abiding by the Stock Exchange of Thailand regulations as well as other rules which may be applicable to the transactions.

#### 7. Business Ethics

The Board of Directors, the Committees, the management, and staff have a joint role in performing their duties in line with the Company's mission, guidelines and desired code of conduct, with honesty, integrity, and fairness which includes performance towards the Company, clients, and every group of stakeholders.

#### 8. Balance amongst Non Executive Directors

At of 31 December 2015, there were 9 directors in the Company as follows:

- Executive Directors 3 persons
- Non Executive Directors 2 persons
- Independent Directors (Audit Committee) 4(3) persons

In this connection, the Company has 4 Independent Directors or equivalent to 44% of the total number of directors. The Company's Board of Directors is responsible for performing its duties in accordance with the law, its objectives, and the articles of association of the Company, as well as shareholders' resolution, with honesty, integrity, and caution in preserving the Company and its shareholders' interests. Each director's position has a definite term which is in accordance with the Company's article of the Company, as well as shareholders' resolution, with honesty, integrity, and caution in preserving the Company and its shareholders' interests. Each director's position has a definite term which is in accordance with stipulate that at each Annual General Shareholders' meeting 1 out of 3 directors must leave his position, by having the director who has assumed the position longest resign.

#### 9. Combining/Separating of Positions

The Company separates the position of Chairman of Board of Directors from that of Chairman of Executive Committee, and such positions cannot be assumed by one individual. This serves to balance the power amongst the management for the purpose of appropriateness and transparency. The Company has defined functions by setting clear polices with regard to supervision and management.

- **Mr. Tirachai Vutitham**, Chairman of the Board of Directors, is responsible as the Head of the Company's Board of Directors, and acts as the Chairman of the Company's Board of Directors' meetings. Whenever, the Company holds a shareholders' meeting, the Chairman of the Board of Directors will assign the Deputy Chairman of Board of Directors, or Chairman of the Management Committee, or Chairman of the Executive Committee to serve as the Chairman of the meeting on his behalf if he is required to perform his duties overseas during that time.
- **Mr. Thanakorn Puriwekin** is Director and Chief of Executive Offer, and is responsible for being leader of the Company's management term, responsible for the Company's performance in accordance

with the policy by the Company's Board of Directors, and reports directly to the Company's Board of Directors.

#### 10. Remuneration of Directors and Executives

The Company determines rates of the remuneration of Directors by holding transparency, appropriated, with approval of the shareholders and base considered on each responsibility, duties, acknowledges, capabilities, moralities. For remunerations of Executives, the Company base determines on conforming to each knowledge, capacities, moralities, and performances.

#### 11. Board of Directors' Meeting

In 2015, the Company held 4 Board of Directors' meetings. The Company prepares the meeting invitation, the meeting agenda, together with supporting documents at least 7 days prior to each meeting. The proper timing allocated for the various meeting agendas will be set by the Board of Directors, and an officer will be responsible for recording of the minutes of the meeting, and seriously implementing the meeting resolution, as well as following up, and filing of the previous minutes which have been endorsed by the Board of Directors, ready for review to be undertaken by the Board of Directors and related parties.

(Detailed in Board and Executives attended the meeting P.37)

#### 12. The Committees

The company sets up the Sub-Committee, namely Audit Committee, Executive Committee (detailed in Board and Committee structure P.32)

#### 13. Internal Control and Audit Policy

The Company has established an internal control system by setting up the Internal Audit Department which reports directly to the Audit Committee, in order to undertake audit of the internal operation system, and to make recommendations regarding the adequacy and appropriateness of the Company and its subsidiaries' internal control systems. The Company's internal control system will also be applicable to executives in order to prevent damages which may arise from the misuse of assets or from lack of proper authority, by clearly setting executives' scope of authority and responsibility.

#### 14. Board of directors' Report

The Company's Board of Directors is responsible for the Company and its subsidiaries' consolidated financial statements, and financial information which appear in the annual report. The afore-mentioned financial statements have been prepared in accordance with internationally accepted standards, in Thailand, using careful judgments, and the best possible estimate/projections, as well as disclosing sufficient information in the notes to financial statements. This will create stakeholders' confidence in the Company's financial statements. In the past, the Company's Board of Directors had appointed an Executive Committee which comprised highly qualified independent directors with qualification which comply with the Stock Exchange of

Thailand's regulations, to conduct a review, and ensure that the Company's financial reports are correct and adequate, with an appropriate and efficient internal control system, and to review that the operations comply with the Stock Exchange regulations, obligations to outside parties, and other relevant rules and regulations, including the selection and proposal to appoint and offer remuneration of the auditor.

#### 15. Investor Relations

The Company's Board of Directors recognizes the importance of disclosing correct, complete, transparent, and comprehensive information which include the financial report, general information ,as well as other relevant information which could affect its share price The distribution of the aforementioned news and information distribution of the aforementioned news and information is for investors and related parties' information through the various information distribution media channels of the Stock Exchange of Thailand and the Company's website.[[www.mpictures.co.th/mpic/investors](http://www.mpictures.co.th/mpic/investors)]

#### 16. Overseeing Usage of Internal Information

The company oversees usage of internal information by stipulating a policy as follows:

- Executives including their spouse, children under legal age, are prohibited from buying and selling shares of the company. In case information comes to the knowledge of an executive about an adverse affect on purchase and sale of the company's asset, he will notify an executive of high level only and such information will be revealed to the employees only as necessary for their work performance.
- Executives including their spouses, children under legal age are to report any change of security holding to the Securities Exchange Commission and the Stock Exchange of Thailand within 3 working days, from the occurrence date of purchase and sale, under Section 59 of Securities and Stock Exchange Act, B.E. 2535 (A.D.1992)

# Internal Control

The Company's Audit Committee through the Internal Audit Department has supervised and reviewed the efficiency, adequacy, and appropriateness of the Company's internal control system in various aspects, and if any serious defect or abnormality is discovered, then this must be reported to the Company's Board of Directors for swift improvement and rectification.

The Board of Directors and Management team are responsible for the Company in remaining the Company's internal control system. In the Board of Directors' Meeting No.1/2016 held on February 9, 2016 which the Independent Directors and the Audit Committee attended, considered and evaluated the adequacy of the Company's Internal Control System in 5 aspects as follows;

## 1 Organization and environmental conditions

The Board of Directors concerned on express and evaluated determination of business target, which shall guide the operation of employees. There are frequent reviews the target by consideration of operation possibility. Manages the organization structure to support and conform to operations of Management Team. The Company sets the express rule practices for conflict of interest transaction and also imposes punishments in case the breaking. The Company sets the express rule practices for conflict of interest transaction and also imposes punishments in case the breaking. The Company set the operation guideline in writing for financial and purchasing and also general managing transactions for all employees in order to prevent corruption. The Company is including determines policies and operation plans by taking into consideration of equality of business partners and long-term benefits of the Company.

## 2 Risk management

Management Team has frequently and cautiously considered with analyzing all risks which may effect to the Company, and also provided the Company the internal audit team to monthly report auditing results to the Audit Committee. Moreover, the Board of Director appointed Risk Management Committee to monitor and consider risks of the Company with giving opinions and resolution of such risk reduction to the Board of Directors.

## 3 Supervision of executive performance

The Company has properly limited the scope of duties, responsibilities and approval authorities of executives, set cautiously the procedures of related transaction with the major shareholders, directors, executives, or related parties, by consideration base on the highest benefit of the Company and with agreement of the Audit Committee and approval of the Board of Directors.



#### 4. Information system and communication of information

The Company provides adequate information for support the decisions on agendas contained in meeting of the Board of Directors by sending information at least 7 days before each Meeting. And there are also recording questions and directors' opinions in every minutes of meeting. The Company keeps in categories of corporate and the company's documents. Management Term applies standard and acceptable accounting policy which is conforming to the nature of the Company's business.

#### 5. Follow up process

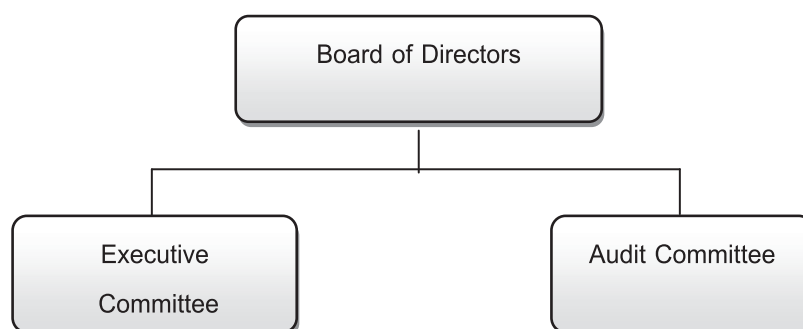
The Company frequently compares business targets of the Company with operation results, and makes report to the Board of Directors. Moreover, the Company provides the internal auditing which will directly report to the Audit Committee.

The Board of directors and the Audit Committee of the Company are agree with Auditor who has reviewed the efficiency of the Company and Group's internal control, that the Company and subsidiaries have adequate and appropriate internal control systems fit to nature of the Company and subsidiaries business, which are capable in protection of the Company's assets from executives' misuse or insufficient authorized usage. No significant defect was found in the accounting internal control system which would require the financial auditor's comments to be included in the 2015 financial statements.

In addition, the Company's Board of Directors also stressed the development of corporate governance system in order that the internal control system will be continuously and further improved.

## Boards and Committee Structure

The Board and Committee of the Company consisted of 3 committees, namely the Board of Directors, Audit Committee and Executive Committee with an Executive Management Team. The scope of work and authority of each committee are as following:



### Board of Directors

As of December 31, 2015, there were Directors in the Board of Directors as namely below;

			<u>Positioned Date</u>
1	Mr. Tirachai Vutithum	Independent Director/Chairman of the Board of Director	April 23, 2014
2	Mr. Vicha Poolvaraluk	Director/Vice Chairman of the Board of Director	April 23, 2013
3.	Mr. Thanakorn Puriwekin	Director/Chief Executive Officer	April 21,2015
4	Mr. Thanachai Santichaikul	Independent Director/Chairman of the Audit Committee	May 10, 2013
5	Mr. Attapon Chodchoy	Independent Director/ Audit Committee	April 21,2015
6	Mr. Vichate Tantiwanich*	Independent Director/Audit Committee	April 23, 2014
7.	Mr. Vachara Tuntariyanond**	Independent Director/Audit Committee	February 10,2016
7	Ms. Thiatpat Issapornpat	Director	April 23, 2014
8	Mr. Verawat Ongwasith	Director	November 5, 2013
9	Mr. Surachedh Assawareunganun	Director	April 21,2015

Ms.Thitapat Issarapornpat is acting on behalf of Company Secretary.

*Note \** Mr. Vichate Tantiwanich resigned from Independent Director and Audit Committee at December 31,2015

*\*\** Mr. Vachara Tuntariyanond has appointed to the Independent Director and Audit Committee since February10, 2016.

Directors authorized to sign binding the Company consist of Mr. Vicha Poolvaraluk, Mr. Thanakorn Puriwekin, and Ms. Thitapat Issarapornpat two of these three directors' together sign and affix the Company's seal. From the above Board of Directors' structure, the Company's ratio of non-executive (including 4 independent directors) to executive directors is 5 to 4 which is more than half of the total number of directors.

## ROLE AND RESPONSIBILITIES OF THE COMPANY'S BOARD OF DIRECTORS

The Company's Board of Directors' important role and responsibilities are as follows:

1. To perform its duty in overseeing the Company's business operation, that it is in line with the law, the Company's objectives, the Articles of Association, and the shareholders' resolution, with honesty, integrity, and caution.
2. To set the Company's strategy, direction, and operational plan, and supervise that the management performs in accordance with the Company's policy and objectives in the most efficient manner.
3. To consider important issues such as investment in new projects, acquisition and disposal of assets in line with SET regulations, as well as other regulations.
4. To review the performance results, the financial report, audit of accounts, and to follow up on the management's performance.
5. To consider issues, and make proposals for the shareholder's meeting approval, with caution and prudence.
6. To oversee and ensure that problems with regard to conflict of interest do not arise amongst the Company's stakeholders.
7. To supervise and ensure that the operation proceeds in line with good code of ethics.

The Company's Board of Directors has set up sub-committees to study and screen projects/work plans in accordance with the Company's Board of Directors' policy, which are the Audit Committee and Executive Committee.

### The Audit Committee

As of 31 December 2015, the Audit Committee consisted of 3 directors as follows:

1. Mr. Thanachai Santichaikul      Independent Director/Chairman of the Audit Committee
2. Mr. Attapon Chodchoy          Independent Director and Audit Committee
3. Mr. Vichate Tantiwanich\*      Independent Director and Audit Committee

*Note \**    *Mr. Vichate Tantiwanich resigned from Independent Director and Audit Committee at December 31, 2015*  
Mr. Nipon Sunthrajarn served as Secretary to the Audit Committee.

The Audit Committee's term lasts 3 years and the directors have undergone the following training from the Thai Institute of Directors' Association - (IOD):

1. Mr. Thanachai Santichaikul      Independent Director/Chairman of the Audit Committee  
Undergone training programs: Director Certification Program (DCP)
2. Mr. Attapon Chodchoy          Independent Director/Audit Committee  
Undergone training programs: Director Certification Program (DCP)

3. Mr. Vichate Tantiwanich Independent Director/Audit Committee

Undergone training programs: None

#### ROLE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

1. Reviews that the Company's financial report is correct and complied with acceptable accounting standard, and adequate financial information disclosure.
2. Reviews and ensures that the Company's internal control and internal audit systems are appropriate and effective. Moreover, considers and approves of appointment, removal, termination of head of internal audit or other of which related to internal auditing.
3. Reviews and ensures that the Company abides by the SEC and SET rules and regulations, or other regulations related to the Company's business.
4. Considers, selects, and proposes the appointment and remuneration of the Company's financial auditor.
5. Considers, reviews, and provides comments including the comprehensive and accurate disclosure of Company information in the event of related transactions or those that may give rise to conflicts of interest to ensure that such related transaction or conflict of interest transaction are acceptable reasonably and make the highest benefits to the Company.
6. Prepares Audit Committee report with signature of the Chairman of the Audit Committee and discloses in Annual Report of the Company. The report shall be at least consisted of information as listed below;
  - (a) Opinions of accuracy, completeness, and trustable of the Company's financial reports
  - (b) Opinions of sufficiency of the Company' internal control system
  - (c) Opinions of compliance of the Securities and Exchange law, the Stock Exchange's regulations, and other related laws
  - (d) Opinions of suitability of auditors
  - (e) Opinions of related and conflict of interest transaction
  - (f) Numbers of the Audit Committee Meeting and attending of each Audit Committee
  - (g) General opinions and or suggestions on conducting duties under Charter
  - (h) Other matters in scope of duties and responsibilities assigned by the Board of Director which are considered that they should be disclosed to shareholders and investors
7. Examines and ensures that the Company has proper and effective risk management systems.
8. Reviews and comments on the internal audit plan, the Internal Audit operation, and coordinates with the financial auditor.
9. In performing its work responsibilities, the Audit Committee is authorized to invite the relevant management, executives, or staffs of the Company to provide opinions, attend meetings, or submit documents as see the Audit Committee sees fits.
10. Prepares the Audit Committee's report on corporate governance.

11. Reports the Audit Committee's performance to the Company's Board of Directors at least 4 times per year.
12. Authorized to hire consultants or outside parties according to the Company's regulations to provide comments or give advice in cases as deemed necessary.
13. Responsible for the Board of Directors on assignments and shall report performances with suggestions in result of auditing to the Board of Directors at least 2 times per year.

#### Independent director

"Independent director" means fully qualified persons with independence as determined by the Stock Exchange of Thailand as followed;

1. Amount and elements of Independent Director shall have at least 1/3 of the Board of Directors and shall not less than 3 independent Directors
2. Hold shares not exceed 0.5% of total voting right shares of the Company and also are included of shareholding of related parties.
3. Within preceded 2 years until present, shall not be participated in business management and controllable
4. Within preceded 2 years until present, shall not be in business relationship with the persons below;
  - Auditor: Strict prohibition
  - Other Professional Service Provider: Transaction value exceeds of 2 million baht/year

**Exceptions:** Transactions were considered necessary and irregular with unanimous approval of the Board of the Company. The Company shall disclose such transaction in Form 56-1 and Annual Report and Invitation of Shareholders' Meeting.

5. Do not be bloody relation, legislative relation, agent of executives or major shareholders, as well as being not appointed as a representative of other shareholders who bear relationship with major shareholders of the Company such as spouse, adopted child, etc.
6. Do not be director of other listed company in group.
7. Do not be management team, employee or advisor which regularly receives salary from the company, subsidiaries, or major shareholders.
8. Do not be benefit person whether directly or indirectly, in aspects of both financial and management of the company and subsidiaries.
9. There no relation with the executives or major shareholders.
10. Do not be agent on caring benefit of directors, major shareholders, shareholder which is related to major shareholder.

Real independence of the independent directors indicates good governance of the company, and the appointed independent director performs strictly comply with the foregoing rules. Especially, the independent directors can perform their duties, and give opinions or report operation results on assignment independently,

regardless of any benefit concerning their assets and positions, and are forced neither influence of any group nor any pressure in giving opinions.

#### Executive Committee

As of 31 December 2015, the Company's Executive Committee was consisted of 3 persons as below:

1. Mr. Thanakorn Puriwekin
2. Ms. Thitapat Issarapornpat
3. Mr. Surachedh Assawareunganun

#### ROLE AND RESPONSIBILITIES OF THE RISK MANAGEMENT COMMITTEE

1. Manages and controls performance of the Company to the pointed direction by alertness, honesty, and follows the policy of the Board of Directors, and considers and report as assigned by the Board of Directors.
2. Considers the plan of the Company to contend in local and international stage.
3. Plans and considers cash management for cutting financial liability and forming good financial structure.
4. Plans and considers the approach strategy for good and sustainable image of the Company.
5. Operate by assignment of the Board of Directors.
6. Operates and manages the Company's business in accordance with laws, objectives and regulations of the Company.

#### Scope of operation approval authority of Executive Committee

2 Directors to sign to bind the Company together sign and affix the Company's seal except to approve financial limit in amount of exceed of 10 million baht.

#### Executive Management Team

As of 31 December 2015, Executive team of Group of Companies consists of 5 executives as follows:

- |                                  |                                      |
|----------------------------------|--------------------------------------|
| 1. Mr. Thanakorn Puriwekin       | Chief Executive Officer.             |
| 2. Mr. Pornchai Wongsriudomporn  | Executive of M Pictures Co., Ltd.    |
| 3. Mr. Thep Anuttassanakul       | Executive of MVD Co., Ltd.           |
| 3. Mrs. Jantima Liawsirikun      | Executive of M Thirty Nine Co., Ltd. |
| 4. Ms. Laddawan Rattanadilokchai | Executive of Talent One Co., Ltd.    |

#### **BOARD OF DIRECTORS' MEETING**

The Company's Board of Directors schedules meetings in advance throughout the year. Additional meetings may be held to consider various important issues as urgently required and as deemed appropriate. Each meeting agenda consists of the consideration of the Company's policy, new investment projects, quarterly financial statements, as well as the financial report, and follow up of the Company's performance. The Secretary of the Board of Directors is responsible for confirming each meeting date, or making a new

appointment date in the case of postponement from the original date, or calling an urgent meeting, and will also prepare and dispatch supporting documents to the directors. Each meeting generally lasts about 2 hours, and every director can freely express his opinions, and propose operational guidelines. Moreover, the Secretary to the Company's Board of Directors' duty is to take notes, and prepare the minutes of the meeting within 14 days, and to send the minutes which have been endorsed by the Company's Board of Directors, as well as file all minutes and supporting documents related to the Directors' meeting, ready for any review to be undertaken by the Board of Directors, shareholders, financial auditor, and related parties.

In 2015, the following meetings were held:

Board of Directors' Meeting	4	times
Audit Committee's Meeting	5	times
Annual General Shareholders' Meeting	1	time

In this connection, the following directors and executives attended the meetings

No	Name	Board Meeting	AC Meeting	AGM
1	Mr. Tirachai Vutithum	3/4	-	Attended
2	Mr. Vicha Poolvaraluk	3/4	-	Attended
3	Mr. Thanakorn Puriwekin	4/4	-	Attended
4	Mr. Thanachai Santichaikul	3/4	5/5	Attended
5	Mr. Attapon Chodchoy	4/4	5/5	Attended
6	Mr. Vichate Tantiwanich*	4/4	5/5	Attended
7	Ms. Thitapat Issarapornpat	4/4	-	Attended
8	Mr. Verawat Ongvasith	4/4	-	Attended
9	Mr. Surached Assawareunganun	4/4	-	Attended
10	Mr. Vachara Tuntariyanond**	N/A	N/A	N/A

Note \* Mr. Vichate Tantiwanich resigned from Independent Director and Audit Committee at December 31, 2015

\*\* Mr. Vachara Tuntariyanond has appointed to the Independent Director and Audit Committee since February 10, 2016.

#### Scope of operation approval authority of Management Team

The Company has authorized financial approval limits for executives according to different types of transaction as follows:

- Management Team was authorized to approve financial limit in amount of not exceed of 10 million baht
- Manager level has no power to approve any financial amount.

For any project that is exceeded of 10 million baht must be required approval of the Board of Directors. In practice, however, any investments or negotiation on beneficial rights of the Company's business will be reported to the Board of Directors by the Management team before taking any actions, even if the transaction value is within the approved authority limit of the Management Team.

## Remuneration of the Board of Directors and Executives

The Company has set an appropriate level of remuneration for its directors and executives relative to other companies in the same business sector. The Director Remuneration payable each year is proposed to the Company's Board of Directors, as well as to the shareholders for approval.

As for the remuneration of executive officers, this is based on the Company's performance, as well as to the performance of each executive.

In 2015, the remuneration was paid as detailed below:

### Monetary Compensation

The remunerations of 9 Board of Directors totaled 906,000 baht in the form of remuneration and meeting allowances:

1	Mr.Tirachai Vutithum	amount	134,000	baht
2	Mr.Vicha Poolvaraluk	amount	144,000	baht
3	Mr.Thanakorn Puriwekin	amount	92,000	baht
4	Mr.Thanachai Santichaikul	amount	114,000	baht
5	Mr.Attapon Chodchoy	amount	92,000	baht
6	Mr.Vichate Tantiwanich*	amount	92,000	baht
7	Ms.Thitapat Issarapornpat	amount	92,000	baht
8	Mr.Verawat Ongvasith	amount	92,000	baht
9	Mr. Surachedh Assawareunganun	amount	84,000	baht

Note: \*Mr. Vichate Tantiwanich resigned from Independent Director and Audit Committee at December 31,2015

The total remuneration of 4 Executives was THB 11.51 million consisting of salary and other welfare benefits.



# Human Resource

As of December 31, 2015, there are 107 employees in the Company and subsidiaries as detailed follows;

	Amount [Employees]
1. Executives and Employees of M Pictures Entertainment Plc.	23
2. Executives and Employees of M Pictures Co.,Ltd.	21
3. Executives and Employees of M V D Co.,Ltd.	29
4. Executives and Employees of M Thirty Nine Co.,Ltd.	17
5. Executives and Employees of Talent 1 Co.,Ltd.	17
6. Executives and Employees of Pacific Media Sales Co.,Ltd.	-
7. Executives and Employees of TV Forum Co.,Ltd	-
Total	107

As at end of 2015, total remuneration featuring with salary, providence fund and other welfares of all executives and employees of the Company and subsidiaries is approximately THB 62.41million.

# Audit Fee

In the past fiscal year, the Company and its subsidiaries paid an audit fee to the auditor's audit firm, to individuals or related parties which related with auditor and audit firm, totaling 4,380,000 baht.

Company	Audit Fee (baht)
M Pictures Entertainment Plc.	2,205,000
M Pictures Co., Ltd.	455,000
MVD Co., Ltd.	535,000
Pacific Media Sales Co., Ltd.	100,000
M Thirty Nine Co., Ltd.	425,000
TV Forum Co., Ltd.	-
Talent One Co.,Ltd	150,000
Major Kantana Broadcasting Co., Ltd.	260,000
Transformation Films Co., Ltd.	250,000
<b>Total</b>	<b>4,380,000</b>

## Other Service Fee [Non-Audit Fee]

The Company and its subsidiaries did not make use of any additional services from the auditor, auditor's audit firm, individuals or related parties who related with auditor or auditor's audit firm.

# Top 10th Major Shareholders

(As of February 26, 2016)

	Number of Shares	Percentage (%)
1. Major Cineplex Group Plc.	1,202,130,480	92.49
2. Mr. Varut Tantiphob	12,904,800	0.99
3. Mrs. Pomnapat Ongvasith	9,659,500	0.74
4. Ms. Sasithorn Ake-Attasit	7,680,000	0.59
5. Ms. Pranee Chuachetton	7,542,000	0.58
6. Ms. Supitsara Chatkul na Ayuttaya	6,589,300	0.51
7. Mr. Chairat Saetung	5,410,000	0.42
8. Mrs. Surang Preampri	5,000,000	0.38
9. Thai NVDR Co.,Ltd.	4,055,500	0.31
10. Mrs. Nipa Parkvisarn	3,471,300	0.27

# Income Structure

Revenue of the company group categorized by each segment within 3 years (2013-2015) in the below table:

[Unit: Million Baht]

Business Line	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
VCD/DVD	288.80	52.48	382.37	45.00	276.34	35.59
Film rights	156.54	28.45	379.33	44.64	315.10	40.58
Thai film production	87.70	15.94	67.34	7.93	168.03	21.64
Sales of pocket books	8.39	1.52	9.17	1.08	10.62	1.37
Others	8.89	1.62	11.45	1.35	6.40	0.82
<b>Total Revenue</b>	<b>550.32</b>	<b>100.00</b>	<b>849.66</b>	<b>100.00</b>	<b>776.49</b>	<b>100.00</b>

Business Line	Company	% of total shares
Film rights	M Pictures Co.,Ltd.	99.99
VCD/DVD	M V D Co.,Ltd.	99.99
Thai film production	M Thirty Nine Co.,Ltd.	99.99
	Talent One Co.,Ltd.	90.00
Sales of pocket books	Talent One Co., Ltd	90.00

# Operation Highlight

The Consolidated performance of M Pictures Entertainment Plc. and subsidiaries within 3 years in the below table:

[Unit: Million Baht]

Financial Statement Information	December 31,2015	December 31,2014	December 31, 2013	Percentage of Change	
				2015-2014	2014-2013
Total Assets	960	1,213	1,206	(20.9)	0.6
Total Liabilities	184	336	1,106	(45.2)	(69.6)
Shareholder Equity	777	877	100	(11.4)	777.0
Registered Capital	1,315	1,322	676	(0.5)	95.6
Paid-Up Capital	1,300	1,300	658	-	97.6
Total revenues	550	857	776	(35.8)	10.4
Total Expenses	653	1,046	1,058	(37.6)	(1.1)
Net Profit (Loss)	(103)	(189)	(282)	(45.5)	32.9
Earning (Loss) per share (Baht)	(0.08)	(0.21)	(0.38)	(61.9)	44.7

## Financial Ratio

Financial Statement Information	December 31, 2015	December 31, 2014	December 31, 2013
Return on Total Revenue [%]	(19.0) %	(22.6) %	(36.6) %
Return on Shareholder's Equity [%]	(12.5) %	(38.7) %	(122.2) %
Return on Total Assets [%]	(8.8) %	(15.1) %	(18.9) %
Debt to Equity Ratio [times]	0.24	0.38	11.04
Book Value per Share [Baht]	0.60	0.67	0.15

# Related Transactions

Related Transaction occurring in 2015 (Please Consider together with the note on 2015 financial statement)

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transactions	Amount (million baht)	Major details/condition
Major Cineplex Group Plc.	92.46% direct holding	<b>Revenue</b>		
		1. Theatrical sharing revenue	47.53	Revenue sharing from theatrical release. This is a normal transaction.
		2. Advertising	4.92	This is a normal transaction.
		3. Interest Income	0.11	Interest rate 2.0% per year. This is a normal transaction.
		<b>Expense</b>		
		1. Rental, services and utilities fee	4.32	Rental space and services for company's office.
		2. Theatrical Services	3.13	This is a normal transaction.
		3. Advertising expense	1.84	This is a normal transaction.
		4. Others expense	0.29	This is a normal transaction.
		Accounts receivable	10.23	This is a normal transaction.
		Other receivables	0.06	This is a normal transaction.
		Accrued income	0.84	This is a normal transaction.
		Deposit	1.25	This is a normal transaction.
		Trade accounts payable	4.19	This is a normal transaction.
Other payable	0.29	This is a normal transaction.		
Major Kantana Broadcasting Co.,Ltd	Joint ventures with 44.99% holding	<b>Revenue</b>		
		1. Sale of goods	3.96	This is a normal transaction.
		2. Revenue from services	0.60	This is a normal transaction.
		3. Revenue from management	0.2	This is a normal transaction.
		4. Interest Income	3.16	Interest rate 7.0% per year. This is a normal transaction.
		<b>Expense</b>		
		1. Advertising expense	1.20	This is a normal transaction.
		Trade accounts receivable	0.16	This is a normal transaction.
		Accrued income	0.50	This is a normal transaction.

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transactions	Amount (million baht)	Major details/condition
Transformation Films Co.,Ltd	Joint ventures with 28.57% holding	<b>Revenue</b>		
		1. Revenue from management	0.09	This is a normal transaction.
		2. Interest Income	1.12	Interest rate 6.0% per year. This is a normal transaction
		3. Revenue from sales goods	0.16	This is a normal transaction
		4. Revenue from services	1.78	This is a normal transaction
		5. advertising	0.005	This is a normal transaction
		Trade Accounts receivable	0.09	This is a normal transaction
EGV Entertainment Plc.	Associate with Major Cineplex Group Plc.	<b>Revenue</b>		
		1. Theatrical sharing revenue	7.53	Revenue sharing from theatrical release. This is a normal transaction.
		<b>Expense</b>		
		1. Theatrical Services	0.64	This is a normal transaction.
		2. Advertising	0.13	This is a normal transaction
		Trade Accounts receivable	1.89	This is a normal transaction.
		Accrued income	0.2	This is a normal transaction.
		Trade accounts payable	0.66	This is a normal transaction.
Siam Cineplex Co.,Ltd.	Associate with Major Cineplex Group Plc.	<b>Revenue</b>		
		1 Theatrical sharing revenue	6.12	Revenue sharing from theatrical release. This is a normal transaction.
		<b>Expense</b>		
		1. Theatrical Services	0.10	This is a normal transaction.
		2. Advertising expense	0.21	This is a normal transaction.
		Trade accounts receivable	0.69	This is a normal transaction.
		Accrued income	0.11	This is a normal transaction.
		Trade accounts payable	0.11	This is a normal transaction.
		Other payable	0.03	This is a normal transaction.

Person/Juristic person who may have conflict of interest	% of Ownership interest	Type of transactions	Amount (million baht)	Major details/condition
Major Cinead Co.,Ltd.	Associate with Major Cineplex Group Plc.	<b>Revenue</b>		
		1. Advertising	6.87	Advertising income from theatrical media. This is a normal transaction.
		2. Sale of goods	0.03	This is a normal transaction.
		<b>Expense</b>		
		Advertising	0.18	This is a normal transaction.
Ratchayothin Avenue Co.,Ltd.	Associate with Major Cineplex Group Plc.	<b>Expense</b>		
		1. Other expenses	0.02	This is a normal transaction.
Major Bowl Group Co.,Ltd	Associate with Major Cineplex Group Plc.	<b>Expense</b>		
		1. Advertising	0.09	This is a normal transaction.
Thai Ticket Major Co.,Ltd.	Associate with Major Cineplex Group Plc.	<b>Revenue</b>		
		1. Revenue from sales goods	4.67	This is a normal transaction.
		<b>Expense</b>		
		1. Advertising	4.25	This is a normal transaction.
		Trade accounts receivable	0.05	This is a normal transaction.
Mc Thai Co.,Ltd	Associate with director	<b>Revenue</b>		
		1. Revenue from sales goods	0.06	This is a normal transaction.
		Trade accounts receivable	0.02	This is a normal transaction.
		Other receivables	0.11	This is a normal transaction.



# Management Discussion and Analysis Year 2015

## Operation results of the Company and subsidiaries

The Group generated loss in 2015 and 2014 in amount of THB103.06 million and THB 189.26 million respectively.

Total revenues were recorded at Baht 550.32 million, main revenue in amount of Baht 229.96 million from moviemaking and film rights businesses, Baht 283.88 million from selling VCDs and DVDs, Baht 8.18 million from selling pocket book, Baht 0.2 million from management fee, and Baht 19.21million from advertising, representing 41.79%, 51.58%, 1.49%, 0.04% and 3.49% of total revenues respectively. Compared with 2014, the total revenues decreased about 35.79%.

Total expenses became lower about 37.55% from Baht 1,046.27 million in 2014 to Baht 653.38 million in 2015. Costs of production and services downed from Baht 632.97million to Bath 407.83 million or 35.57% and selling and administrative expenses decreased from Baht 407.31 million to Baht 234.42 million or 42.45%.

## Revenues

The Group's total revenues in 2015 decreased around Baht 306.68 million or 35.79% from a year earlier, which could be broken down by line of business in the below table:

(Unit: Million Baht)

Business Line	Amount		Increase/(Decrease)		Ratio : Total Revenue	
	2015	2014	Amount	%	2015	2014
VCD-DVD	283.88	379.67	(95.79)	(25.23)	51.58%	44.30%
Film rights	154.92	312.82	(157.90)	(50.48)	28.15%	36.50%
Film production	75.04	67.31	7.73	11.48	13.64%	7.85%
Sales pocket book	8.18	9.17	(0.99)	(10.80)	1.49%	1.07%
Management fee	0.20	7.00	(6.80)	(97.14)	0.04%	0.82%
Advertising	19.21	62.23	(43.02)	(69.13)	3.49%	7.26%
Other Revenue	8.89	18.80	(9.91)	(52.71)	1.62%	2.19%
Total Revenue	550.32	857.00	(306.68)	(35.79)	100.00%	100.00%

VCD and DVD distribution business recorded decrease from 2014 of Baht 95.79 million or 25.23% in revenues due to in 2015 the Group has produced and distributed VCDs and DVDs less than 2014

**Film rights business** has decreased in revenues by Baht 157.90 million or 50.48% because the movies released in theaters in 2015 could generate revenue less than in 2014.

**Film production business;** the revenues increased by Baht 7.73 million or 11.48% because the year 2015, films made high revenue comparing by 2014.

**Advertising revenues** in 2015 recorded decrease of Baht 43.02 million or 69.13% because in the year 2015, we had less advertising areas in international and Thai films comparing by 2014.

#### Costs of Production and Services and Gross Profit Margin

The Group's costs of production and services decreased from 2014 about Baht 225.14 million or 35.57% because of the decrease of production and distribution in home entertainment sector which connected with lower revenue.

#### Selling and Administrative Expenses

Selling and administrative expenses became lower by Baht 172.89 million or 42.45% from Baht 407.31 million in 2014 to Baht 234.42 million in 2015 caused by reducing costs of administration of the Group. Mainly due to the provision for impairment of goodwill reduced which was set completely complying with the indications of impairment and the reserve for doubtful accounts decreased as well.

Since the main business of the Company is in the category of entertainment, taste and favor of consumers, economic condition and other factors affect our business. Especially, in 2015, our movies were not much successful which making the Company generated loss.

#### Financial Result of the Company and Group

##### Asset

As of December 31, 2015, the Group had total assets of Baht 960.31 million, downed from December 31, 2014 by Baht 252.23 million or about 20.80%. The assets were composed of the following items:

(Unit: Million Baht)

Assets	As of December 31		Increase (decrease)		% of total asset	
	2015	2014	Amount	%	2015	2014
Cash and cash equivalent	89.72	82.97	6.75	8.14	9.34	6.84
Trade accounts receivable - net	311.43	472.97	(161.54)	(34.15)	32.43	39.01
Inventory	60.42	77.83	(17.41)	(22.37)	6.29	6.42
Film on Production	138.43	127.98	10.45	8.17	14.42	10.55
Other current assets	63.48	75.27	(11.79)	(15.66)	6.61	6.21
Investments in joint venture-net	49.84	40.74	9.10	22.34	5.19	3.36

Building and equipment - net	18.11	18.39	(0.28)	(1.52)	1.89	1.52
Goodwill - net	139.14	139.14	-	-	14.49	11.48
Computer program-net	1.71	1.88	(0.17)	(9.04)	0.18	0.16
Film rights - net	71.93	153.34	(81.41)	(53.09)	7.49	12.65
Other non - current assets	16.10	22.03	(5.93)	(26.92)	1.68	1.82
Total Asset	960.31	1,212.54	(252.23)	(20.80)	100.00	100.00

**Cash and cash equivalents** increased from December 31, 2014 due to efficient management policy. Moreover, in 2015, the Company liquidity's improved, and partly due to the sale and collection of trade receivables faster which affect the cash and cash equivalents increased

**Trade accounts receivable and other receivables – net** decreased Baht 161.54 million or 34.15% from 2014 which caused by from VCD and DVD distribution business.

**Inventories** which the most from VCD and DVD distribution's sector, decreased from December 31, 2014 in amount of Baht 17.41 million or 22.37% which coming from the efficient policy.

**Movies on production** increased in amount of Baht 10.45 million or 8.17% from December 31, 2014 due to the plan of continuous production Thai movies for theatrical release which reflected to higher expense of Film on production.

**Investments in joint venture-net** increased from December 31, 2014 by Baht 9.10 million or 22.34% because the Company paid for the investment in Transformation Films Co.,Ltd. Moreover, in this year, the Company invested in films' distribution company, MVP M-Pictures Film Distribution (Lao) Co.,Ltd., in Lao.

**Movie rights – net** came down from December 31, 2014 by Baht 81.41 million or 53.09%. Most are in the film's production and home entertainment sector. Moreover, in 2015, the Company has carefully planned and managed film rights which making the movie rights decrease by comparing the previous year.

#### Liabilities and Equity of Shareholders

(Unit : Million Baht)

Liabilities and Equity of Shareholders	December 31		Increase (decrease)		% of liabilities per Equity of Shareholders	
	2015	2014	Amount	%	2015	2014
Short-Term Loan and OD from Financial Institutes	9.50	50.00	(40.50)	(80.99)	0.99	4.12
Trade Account Payable and other payable	147.86	222.79	(74.93)	(33.63)	15.40	18.37
Other Current Liabilities	22.18	58.95	(36.77)	(62.37)	2.31	4.86
Non-Current Liabilities	4.14	3.82	0.32	8.38	0.43	0.32
Total Liabilities	183.68	335.56	(151.88)	(45.26)	19.13	27.67
Equity of Shareholders	776.63	876.98	(100.35)	(11.44)	80.87	72.33
Total Liabilities and Equity of Shareholders	960.31	1,212.54	(252.23)	(20.80)	100.00	100.00

**Overdrafts and short-term loans from financial institutions** are funding sources to meet the Group's working capital, the outstanding balance as of December 31, 2015 decreased from 2014 by Baht 40.50 million or 80.99% due in 2015 the Company use the increasing capital acquired in 2014 which caused the company was able to pay the loan.

**Trade accounts payable and other payable** decreased from December 31, 2014 by Baht 74.93 million or 33.63% for normal transaction of business.

**Other Current Liabilities** downed from December 31, 2014 by Baht 36.77 million or 62.37%. The decrease mainly due to the estimated returned products.

**Shareholders' equity** as of year-end 2015 was at Baht 776.63 million as presented in the consolidated financial statement, decreased from Baht 876.98 million as of end-2014 resulting from revenues of the company generated loss in 2015.

#### Analysis of Financial Ratios:

	December 31, 2015	December 31, 2014	December 31, 2013
Current Ratio	3.70	2.52	0.71
Receivable Turnover	1.73	2.07	1.73
Average Collection Period	211	176	211
Total Assets Turnover	0.5	0.69	0.6
Total Debt to Equity Ratio	0.24	0.38	11.04

**Current Ratio;** The Group carried a greater amount of current assets than current liabilities that reflected great liquidation since 2015 the company used the funds received from the increasing capital in 2014 for working capital and to repay bank loans and creditors. Moreover, the Company collected money from consumers efficiently resulting in adequate cash flow for operation.

#### Efficiency Ratios

**Total Assets Turnover;** the ratio of assets turnover in 2015 was slightly slower than 2014 because the revenue generated loss in 2015.

**Receivable Turnover and Average Collection Period;** The Group typically grants a credit term of around 90-180 days. Its receivable turnover for the current year becomes faster. Nevertheless, the VCD and DVD distribution business grants a collection period to the individual customers in accordance with the usual business norms.

**M PICTURES ENTERTAINMENT PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS**

**31 DECEMBER 2015**



## **Audit Committee's Report**

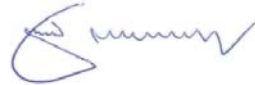
Over the past 2015, the Audit Committee of M Pictures Entertainment Plc. is comprised of 3 independent directors. The Audit Committee is empowered by the Board of Directors.

The Audit Committee has duty which delegated by the Board of Directors to examine financial information and plan, also investigate related transaction which having conflict of interest. Moreover, the Audit Committee is consultant on risk management, internal control, sufficiency of internal control to the executives.

For the fiscal year 2015, the Audit Committee held 5 meetings. In such meetings, the Committee met external permitted auditor to review financial information and 1 meeting permitted auditor without executive management.

The Audit Committee has audited the management to be complied with SEC/SET's rules and regarding the corporate law, given suggestion about good corporate governance and reviewed the risk management and related transaction in every meetings.

The Audit Committee is of opinion that the internal control system of the Company operated effectively, insurable that the Company's assets were safe-guarded, proper accounting records were maintained, and resources were utilized efficiently. The Audit Committee has reviewed quarterly and yearly financial statement of the Company before recommending to the Board of Directors' Meeting. For the financial statement of 2014, the Audit Committee proposed 3 auditors to the Board of Directors namely; Mr. Paiboon Tunkoon, a certified public accountant no. 4298 or Mr. Kajornkiet Aroonpirodkul, a certified public accountant no. 3445 or Mr. Pisit Thangtanagul, a certified public accountant no. 4095. For the financial statement of 2016, the authorized auditors for the financial statement depend on the approval of the Annual General Meeting of Shareholders 2016 which will be hold on 20 April 2016



**(Mr.Thanachai Santichaikul)**  
Chairman of Audit Committee

### **Responsibility Statement of the Board to Financial Statement**

The Board of Directors is responsible for the Company and consolidated financial statements as well as financial information as disclosed in annual report. The financial statements are prepared according to generally accepted accounting standard in Thailand by applied appropriate accounting policy with nature of the Company's business, controlled and followed up operations closely. Moreover, the Board of Directors appointed Audit Committee from Independent directors who were not executives by consideration based on knowledge, capability, experience, and vision to examine and control quality of the Company's financial statements, controlled in any related transactions or any conflicts of interest to correct operations under related procedures and regulations and also provided effective internal audit office to ensure all related parties the accurate, clear and sufficient of accounting information.

The Board of Director believes that the Company's internal control system is sufficient and be able reasonably ensure that the Company and consolidated financial statement as of December 31, 2015 are trusted.



(Mr. Tirachai Vutithum)  
Chairman of the Board



(Mr. Thanakorn Puriwekin)  
Chief Executive Officer



## **AUDITOR'S REPORT**

To the Shareholders and the Board of Directors of M Pictures Entertainment Public Company Limited

I have audited the accompanying consolidated and company financial statements of M Pictures Entertainment Public Company Limited and its subsidiaries and of M Pictures Entertainment Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2015, and the consolidated and company statements of income, statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

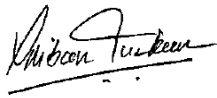
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated and company financial statements referred above present fairly, in all material respects, the consolidated and company financial position of M Pictures Entertainment Public Company Limited and its subsidiaries and of M Pictures Entertainment Public Company Limited as at 31 December 2015, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Paiboon Tunkoon  
Certified Public Accountant (Thailand) No. 4298  
PricewaterhouseCoopers ABAS Ltd.

Bangkok  
10 February 2016

**M Pictures Entertainment Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2015**

		Unit: Baht			
		Consolidated		Company	
Notes	31 December 2015	31 December 2014	31 December 2015	31 December 2014	
<b>Assets</b>					
<b>Current assets</b>					
Cash on hand and cash equivalents	7	89,719,895	82,970,360	55,858,253	4,512,406
Trade accounts receivable and other receivables, net	8	311,434,826	472,966,508	25,885,135	37,934,842
Short-term loans to subsidiaries	28 iv)	-	-	842,300,000	882,500,000
Inventories, net	9	60,416,223	77,828,273	-	-
Films under production		138,425,918	127,981,520	-	-
VAT receivables		11,820,377	15,400,782	-	-
Withholding tax deducted at sources		48,000,672	50,352,721	5,185,857	15,509,619
Other current assets, net	10	3,669,982	9,513,739	81,964	296,717
<b>Total current assets</b>		<b>663,487,893</b>	<b>837,013,903</b>	<b>929,311,209</b>	<b>940,753,584</b>
<b>Non-current assets</b>					
Investments in subsidiaries, net	11	-	-	237,660,567	237,660,567
Investments in joint ventures, net	12	49,840,108	40,738,937	40,810,069	49,994,743
Other long-term investment, net	13	-	-	-	-
Buildings and equipment, net	14	18,108,128	18,389,150	7,681,524	6,766,499
Goodwill, net	15	139,142,506	139,142,506	-	-
Computer program, net	15	1,707,092	1,879,516	617,945	793,155
Film rights, net	15	71,925,420	153,343,855	-	-
Deferred tax assets	20	13,896,429	19,471,817	4,329,636	489,575
Other non-current assets, net	16	2,198,563	2,560,536	1,263,815	1,263,815
<b>Total non-current assets</b>		<b>296,818,246</b>	<b>375,526,317</b>	<b>292,363,556</b>	<b>296,968,354</b>
<b>Total assets</b>		<b>960,306,139</b>	<b>1,212,540,220</b>	<b>1,221,674,765</b>	<b>1,237,721,938</b>

Director \_\_\_\_\_ Director \_\_\_\_\_

The notes on pages 13 to 64 are an integral part of these consolidated and company financial statements.

**M Pictures Entertainment Public Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2015**

		Unit: Baht			
		Consolidated		Company	
Notes	31 December 2015	31 December 2014	31 December 2015	31 December 2014	
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term borrowings					
from financial institutions	18	9,504,622	50,000,000	-	-
Trade accounts and other payables	17	147,857,204	222,790,223	15,168,353	17,939,802
Current portion of long-term borrowings from financial institutions	18	-	-	-	-
Current portion of liability under finance lease		190,886	139,714	190,886	139,714
Short-term borrowings from related parties	28 v)	-	-	-	-
Undue output VAT		2,392,174	5,835,617	111,299	173,571
Provision for sales return		17,381,425	44,424,860	-	-
Other current liabilities		2,204,702	8,549,847	156,922	1,265,856
<b>Total current liabilities</b>		<b>179,531,013</b>	<b>331,740,261</b>	<b>15,627,460</b>	<b>19,518,943</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	18	-	-	-	-
Liabilities under finance lease		504,592	-	504,592	-
Employee benefit obligations	19	3,638,182	3,820,179	1,502,149	2,237,252
Other non-current liabilities		-	-	747,000	747,000
<b>Total non-current liabilities</b>		<b>4,142,774</b>	<b>3,820,179</b>	<b>2,753,741</b>	<b>2,984,252</b>
<b>Total liabilities</b>		<b>183,673,787</b>	<b>335,560,440</b>	<b>18,381,201</b>	<b>22,503,195</b>

The notes on pages 13 to 64 are an integral part of these consolidated and company financial statements.

**M Pictures Entertainment Public Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2015**

		Unit: Baht			
		Consolidated		Company	
		31 December	31 December	31 December	31 December
Notes		2015	2014	2015	2014
<b>Liabilities and shareholders' equity (Cont'd)</b>					
<b>Shareholders' equity</b>					
Share capital					
	Authorised share capital	21			
	1,315.33 million ordinary shares				
	of par Baht 1 each				
	(2014: 1,322.07 million ordinary shares)	<u>1,315,337,205</u>	<u>1,322,072,456</u>	<u>1,315,337,205</u>	<u>1,322,072,456</u>
	Issued and fully paid-up share capital				
	1,300.11 million ordinary shares				
	of par Baht 1 each				
	(2014: 1,299.79 million ordinary shares)	1,300,119,176	1,299,797,315	1,300,119,176	1,299,797,315
	Share premium	21	453,981,276	453,750,824	453,981,276
	Surplus from business combination		(20,106,431)	(20,106,431)	-
	Retained earnings (deficits)				
	Appropriated - legal reserve	23	3,813,156	3,813,156	3,813,156
	Unappropriated		(949,077,673)	(849,469,241)	(558,490,948)
	Other components of equity		(1,362,675)	(3,030,665)	3,870,904
	Equity attributable to owners of the parent		787,366,829	884,754,958	1,203,293,564
	Non-controlling interest		(10,734,477)	(7,775,178)	-
	<b>Total shareholders' equity</b>		<u>776,632,352</u>	<u>876,979,780</u>	<u>1,203,293,564</u>
	<b>Total liabilities and shareholders' equity</b>		<u>960,306,139</u>	<u>1,212,540,220</u>	<u>1,221,674,765</u>

The notes on pages 13 to 64 are an integral part of these consolidated and company financial statements.

**M Pictures Entertainment Public Company Limited**  
**Statement of Income**  
**For the year ended 31 December 2015**

	Notes	Unit: Baht			
		Consolidated		Company	
		2015	2014	2015	2014
<b>Revenues</b>					
Sales of VCD and DVD		283,879,484	379,669,354	-	-
Revenues from films production and film rights distribution		229,956,394	380,134,904	-	8,530,000
Sales of pocket book		8,184,039	9,170,219	-	-
Management fee income		200,000	7,002,007	17,000,000	16,800,000
Advertising income		19,207,730	62,229,367	-	-
<b>Total revenues</b>		<b>541,427,647</b>	<b>838,205,851</b>	<b>17,000,000</b>	<b>25,330,000</b>
<b>Cost of sales and services</b>					
Cost of VCD and DVD sold		243,629,052	347,787,819	-	-
Cost of film production and film rights sold		155,105,996	280,250,445	-	-
Cost of pocket books		8,288,732	4,930,361	-	-
Cost of advertising		809,654	-	-	-
<b>Total cost of sales and services</b>		<b>407,833,434</b>	<b>632,968,625</b>	<b>-</b>	<b>-</b>
<b>Gross profit</b>		<b>133,594,213</b>	<b>205,237,226</b>	<b>17,000,000</b>	<b>25,330,000</b>
Other income		8,890,636	11,450,044	36,079,644	18,278,895
Selling expenses		(97,159,492)	(172,855,330)	(200,000)	(208,825)
Administrative expenses		(137,260,193)	(230,751,112)	(34,741,384)	(32,663,015)
Loss from impairment of goodwill	4, 15	-	(3,704,675)	-	-
Loss from impairment of investments in subsidiaries	11	-	-	-	(97,444,800)
Loss from impairment of investments in joint venture	12	-	-	(35,960,000)	-
Finance costs	25	(566,503)	(25,453,041)	(45,690)	(13,219,570)
Share of profit (loss) of joint venture	12	(3,966,920)	7,354,573	-	-
<b>Loss before income tax</b>		<b>(96,468,259)</b>	<b>(208,722,315)</b>	<b>(17,867,430)</b>	<b>(99,927,315)</b>
Income tax	26	(6,589,801)	19,460,571	2,831,838	489,575
<b>Loss for the year</b>		<b>(103,058,060)</b>	<b>(189,261,744)</b>	<b>(15,035,592)</b>	<b>(99,437,740)</b>
<b>Loss attributable to:</b>					
Shareholders of the parent		(100,098,761)	(183,264,178)	(15,035,592)	(99,437,740)
Non-controlling interest		(2,959,299)	(5,997,566)	-	-
		<b>(103,058,060)</b>	<b>(189,261,744)</b>	<b>(15,035,592)</b>	<b>(99,437,740)</b>
<b>Loss per share</b>					
	27				
Basic loss per share		(0.08)	(0.21)	(0.01)	(0.11)
Diluted loss per share		(0.08)	(0.21)	(0.01)	(0.11)

The notes on pages 13 to 64 are an integral part of these consolidated and company financial statements.

**M Pictures Entertainment Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2015**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
<b>Loss for the year</b>	(103,058,060)	(189,261,744)	(15,035,592)	(99,437,740)
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurements of post-employment benefit obligations	887,283	1,248,183	1,085,990	669,796
Share of loss of joint venture	(185,947)	-	-	-
Income tax on items that will not be reclassified subsequently to profit or loss	(211,007)	-	(217,198)	-
<b>Total items that will not be reclassified subsequently to profit or loss</b>	490,329	1,248,183	868,792	669,796
<b>Items that will be reclassified subsequently to profit or loss</b>				
Currency translation differences	(21,318)	-	-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	-	-	-	-
<b>Total items that will be reclassified subsequently to profit or loss</b>	(21,318)	-	-	-
<b>Comprehensive loss for the year</b>	<u>(102,589,049)</u>	<u>(188,013,561)</u>	<u>(14,166,800)</u>	<u>(98,767,944)</u>
<b>Comprehensive loss attributable to:</b>				
Shareholders of the parent	(99,629,750)	(182,015,995)	(14,166,800)	(98,767,944)
Non-controlling interest	(2,959,299)	(5,997,566)	-	-
	<u>(102,589,049)</u>	<u>(188,013,561)</u>	<u>(14,166,800)</u>	<u>(98,767,944)</u>

The notes on pages 13 to 64 are an integral part of these consolidated and company financial statements.

M Pictures Entertainment Public Company Limited  
 Statements of Changes in Shareholders' Equity  
 For the year ended 31 December 2015

													Unit: Baht			
Consolidated																
Attributable to equity holders of the parent																
	Notes	Issued and fully paid-up share capital					Share surplus from business under common control		Legal reserve		Unappropriate deficits		Other components of equity			Total
													Warrants	Change in parent's ownership interest in subsidiaries	Share of other comprehensive income (expense) of joint venture	
<b>Opening balance as at 1 January 2014</b>		657,829,978	132,612,302	(20,106,431)	3,813,156	(667,453,246)	451,956	(5,212,261)	-	(4,760,305)	101,935,454	(1,777,612)	100,157,842			
<b>Changes in shareholders' equity for the year</b>																
Proceeds from shares issued	21	641,537,187	320,768,593	-	-	-	-	-	-	-	962,305,780	-	962,305,780			
Proceeds from exercise of warrants		430,150	369,929	-	-	-	(266,693)	-	-	(266,693)	533,386	-	533,386			
Comprehensive expense for the year		-	-	-	-	(182,015,995)	-	-	-	-	(182,015,995)	(5,997,566)	(188,013,561)			
Share-based payment	22	-	-	-	-	-	1,996,333	-	-	1,996,333	1,996,333	-	1,996,333			
<b>Closing balance as at 31 December 2014</b>		<u>1,299,797,315</u>	<u>453,750,824</u>	<u>(20,106,431)</u>	<u>3,813,156</u>	<u>(849,469,241)</u>	<u>2,181,596</u>	<u>(5,212,261)</u>	<u>-</u>	<u>(3,030,665)</u>	<u>884,754,958</u>	<u>(7,775,178)</u>	<u>876,979,780</u>			
<b>Opening balance as at 1 January 2015</b>		1,299,797,315	453,750,824	(20,106,431)	3,813,156	(849,469,241)	2,181,596	(5,212,261)	-	(3,030,665)	884,754,958	(7,775,178)	876,979,780			
<b>Changes in shareholders' equity for the year</b>																
Proceeds from exercise of warrants		321,861	230,452	-	-	-	(154,815)	-	-	(154,815)	397,498	-	397,498			
Comprehensive expense for the year		-	-	-	-	(99,608,432)	-	-	(21,318)	(21,318)	(99,629,750)	(2,959,299)	(102,589,049)			
Share-based payment	22	-	-	-	-	-	1,844,123	-	-	1,844,123	1,844,123	-	1,844,123			
<b>Closing balance as at 31 December 2015</b>		<u>1,300,119,176</u>	<u>453,981,276</u>	<u>(20,106,431)</u>	<u>3,813,156</u>	<u>(949,077,673)</u>	<u>3,870,904</u>	<u>(5,212,261)</u>	<u>(21,318)</u>	<u>(1,362,675)</u>	<u>787,366,829</u>	<u>(10,734,477)</u>	<u>776,632,352</u>			

The notes on pages 13 to 64 are an integral part of these consolidated and company financial statements.



**M Pictures Entertainment Public Company Limited**  
**Statement of Changes in Shareholders' Equity (Cont'd)**  
**For the year ended 31 December 2015**

						Unit: Baht
Company						
Notes	Issued and fully paid-up share capital	Share premium	Legal reserve	Unappropriate retained earnings (deficits)	Other components of equity	Total
<b>Opening balance as at 1 January 2014</b>	657,829,978	132,612,302	3,813,156	(445,556,204)	451,956	349,151,188
<b>Changes in shareholders' equity for year</b>						
Proceeds from shares issued	21 641,537,187	320,768,593	-	-	-	962,305,780
Proceeds from exercise of warrants	430,150	369,929	-	-	(266,693)	533,386
Comprehensive expense for the year	-	-	-	(98,767,944)	-	(98,767,944)
Share-based payment	22 -	-	-	-	1,996,333	1,996,333
<b>Closing balance as at 31 December 2014</b>	<u>1,299,797,315</u>	<u>453,750,824</u>	<u>3,813,156</u>	<u>(544,324,148)</u>	<u>2,181,596</u>	<u>1,215,218,743</u>
<b>Opening balance as at 1 January 2015</b>	1,299,797,315	453,750,824	3,813,156	(544,324,148)	2,181,596	1,215,218,743
<b>Changes in shareholders' equity for year</b>						
Proceeds from exercise of warrants	321,861	230,452	-	-	(154,815)	397,498
Comprehensive expense for the year	-	-	-	(14,166,800)	-	(14,166,800)
Share-based payment	22 -	-	-	-	1,844,123	1,844,123
<b>Closing balance as at 31 December 2015</b>	<u>1,300,119,176</u>	<u>453,981,276</u>	<u>3,813,156</u>	<u>(558,490,948)</u>	<u>3,870,904</u>	<u>1,203,293,564</u>

The notes on pages 13 to 64 are an integral part of these consolidated and company financial statements.

**M Pictures Entertainment Public Company Limited**

**Statement of Cash Flows**

**For the year ended 31 December 2015**

	Notes	Unit: Baht			
		Consolidated		Company	
		2015	2014	2015	2014
<b>Cash flows from operating activities</b>					
Loss before income tax		(96,468,259)	(208,722,315)	(17,867,430)	(99,927,315)
Adjustments for:					
Depreciation and amortisation charge	14, 15	314,292,544	442,439,255	2,003,623	1,378,015
Interest income		(1,845,810)	(156,548)	(19,608,330)	(15,308,536)
Interest expense		566,503	25,453,041	45,690	13,219,570
(Reversed) bad debt and doubtful accounts	24	4,482,509	98,653,867	-	16,767
(Reversed) provision for sales returns		(27,043,435)	14,272,220	-	-
Allowance for inventory obsolescence and diminution in value of inventories	24	2,450,000	283,096	-	-
(Gain) loss on disposal and write-off of equipment and intangible assets		3,770,496	(4,667)	111,962	19,333
Loss from impairment of investments in subsidiaries	11	-	-	-	97,444,800
Loss from impairment of investments in joint venture	12	-	-	35,960,000	-
Loss from impairment of goodwill	15	-	3,704,675	-	-
Loss from impairment of film rights	15	(16,767,305)	16,903,613	-	-
Employee benefits obligations	19	841,286	1,351,007	486,887	474,129
Share-base payment reserve	22	1,844,123	1,996,333	1,844,123	1,996,333
Share of (profit) loss from joint venture	12	3,966,920	(7,354,573)	-	-
Dividend income		-	-	(13,499,970)	-
Write off withholding tax		24,468	-	-	-
Changes in working capital: (excluding the effects of acquisition and disposal of a subsidiary)					
- trade accounts receivable and other receivables		163,515,933	(89,828,293)	11,261,507	80,279,768
- inventories		14,962,050	12,591,282	-	-
- films under production		(10,444,398)	(60,341,292)	-	-
- advances to employees for film production		(10,142,848)	(1,782,481)	-	-
- VAT receivables		3,580,405	4,821,599	-	159,808
- other current assets		5,891,487	(886,815)	214,753	663,081
- other non-current assets		361,973	(601,832)	-	(269,780)
- trade accounts and other payables		(85,856,250)	57,833,621	(2,771,449)	(7,257,887)
- undue output VAT		(3,443,443)	(5,065,055)	(62,272)	(1,983,650)
- other current liabilities		(6,345,145)	4,450,620	(1,108,934)	(387,042)
- employee benefit obligations paid		(136,000)	-	(136,000)	-
Cash flows from operating activities		262,057,804	310,010,358	(3,125,840)	70,517,394
<u>Add</u> Interest received		5,474,168	139,781	20,396,530	14,578,905
<u>Less</u> Interest paid		(566,503)	(26,235,959)	(45,690)	(15,256,762)
Withholding tax received		16,442,407	-	10,563,922	-
Withholding tax paid		(15,340,247)	(26,313,190)	(1,465,581)	(4,945,697)
Net cash flows generated from (used in) operating activities		268,067,629	257,600,990	26,323,341	64,893,840

The notes on pages 13 to 64 are an integral part of these consolidated and company financial statements.

**M Pictures Entertainment Public Company Limited**

**Statement of Cash Flows (Cont'd)**

**For the year ended 31 December 2015**

	Notes	Unit: Baht			
		Consolidated		Company	
		2015	2014	2015	2014
<b>Cash flows from investing activities</b>					
Purchases of equipment		(5,069,636)	(6,200,962)	(2,222,732)	(2,466,446)
Proceeds from disposals of equipment		77,570	24,000	60,048	-
Purchases of intangible assets	15	(35,900)	(313,480)	-	(313,480)
Purchases of film rights	15	(202,779,941)	(315,567,146)	-	-
Short-term loans granted to subsidiaries	28 iv)	-	-	(325,900,000)	(1,196,500,000)
Short-term loans repaid from subsidiaries	28 iv)	-	-	366,100,000	518,600,000
Short-term loans granted to parent company	28 iv)	(75,000,000)	-	(75,000,000)	-
Short-term loans repaid from parent company	28 iv)	75,000,000	-	75,000,000	-
Proceed from dividend		13,499,970	8,999,980	13,499,970	8,999,980
Purchase of investments in joint venture		(26,775,326)	(25,000,000)	(26,775,326)	(25,000,000)
Net cash from (used in) investing activities		(221,083,262)	(338,057,608)	24,761,960	(696,679,946)
<b>Cash flows from financing activities</b>					
Proceeds from (repayment of) bank overdrafts		9,504,622	(59,715,012)	-	(9,472,507)
Proceeds from short-term borrowings from financial institutions		45,000,000	510,600,000	-	-
Repayments of short-term borrowings from financial institutions		(95,000,000)	(1,094,110,000)	-	(35,000,000)
Proceeds from short-term borrowings from subsidiaries	28 v)	-	-	-	75,900,000
Repayments of short-term borrowings from subsidiaries	28 v)	-	-	-	(180,400,000)
Proceeds from short-term borrowings from parent company	28 v)	-	115,000,000	-	115,000,000
Repayments of short-term borrowings from parent company	28 v)	-	(170,000,000)	-	(155,000,000)
Proceeds from long-term borrowings from financial institutions		-	49,400,000	-	49,400,000
Repayments of long-term borrowings from from institutions		-	(189,777,502)	-	(189,225,463)
Proceeds from shares issued		-	962,305,780	-	962,305,780
Proceeds from the exercise of warrants		397,498	533,386	397,498	533,386
Repayment of liabilities under finance lease		(136,952)	(225,130)	(136,952)	(225,130)
Net cash from (used in) financing activities		(40,234,832)	124,011,522	260,546	633,816,066
<b>Net increase (decrease) in cash and cash equivalents</b>		6,749,535	43,554,904	51,345,847	2,029,960
Opening balance of cash and cash equivalents		82,970,360	39,415,456	4,512,406	2,482,446
<b>Closing balance of cash and cash equivalents</b>		89,719,895	82,970,360	55,858,253	4,512,406

The notes on pages 13 to 64 are an integral part of these consolidated and company financial statements.

**M Pictures Entertainment Public Company Limited****Statement of Cash Flows (Cont'd)****For the year ended 31 December 2015**

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**Non-cash transactions**

Significant non-cash transactions for the years ended 31 December 2015 and 2014:

	<b>Unit: Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Outstanding payable arising from purchase of equipment	692,716	153,200	692,716	-
Outstanding payable arising from purchase of intangible assets	-	125,184	-	125,184
Outstanding payables arising from acquisition of film rights	40,202,434	29,279,203	-	-

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The notes on pages 13 to 64 are an integral part of these consolidated and company financial statements.

## **1 General information**

M Pictures Entertainment Public Company Limited (“the Company”) is a public limited company incorporated and resident in Thailand. The address of the Company’s registered office is as follows:

234 Suzuki Avenue Building (Ratchayothin), 13th floor, Ratchadapisek Road, Ladyao, Jatuchak, Bangkok 10900.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

The Company is a subsidiary of Major Cineplex Group Public Company Limited (“Major”).

The Company and its subsidiaries (“the Group”) are principally engaged in the business of providing medias, marketing services and distribution of film rights, sales of VCD/DVD/Blu-ray, sales of pocket books and film production.

These Group consolidated and company financial statements were authorised for issue by the Board of Directors on 10 February 2016.

## **2 Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below:

### **2.1 Basis for preparation**

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and company financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

**2 Accounting policies (Cont'd)**

**2.2 New financial reporting standards and revised financial reporting standards**

2.2.1 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group.

a) Financial reporting standards, which have a significant impact to the Group:

TAS 1 (revised 2014)	Presentation of financial statements
TAS 19 (revised 2014)	Employee benefits
TAS 27 (revised 2014)	Separate financial statements
TAS 28 (revised 2014)	Investments in associates and joint ventures
TAS 34 (revised 2014)	Interim financial reporting
TFRS 10	Consolidated financial statements
TFRS 11	Joint arrangements
TFRS 12	Disclosure of interests in other entities

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period. This standard has no impact to the Group

TAS 27 (revised 2014) provide the requirements relating to separate financial statements.

TAS 28 (revised 2014) provide the requirements for investment in associates and joint ventures accounted by equity method.

TAS 34 (revised 2014), the key change is the disclosure requirements for operating segment. An entity shall disclose information of a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. This standard has no impact to the Group.

**2 Accounting policies (Cont'd)**

**2.2 New financial reporting standards and revised financial reporting standards (Cont'd)**

2.2.1 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group. (Cont'd)

a) Financial reporting standards, which have a significant impact to the Group: (Cont'd)

TFRS 11 defined that a joint arrangement is a contractual arrangement where at least two parties agree to share control over the activities of the arrangement. Unanimous consent toward decisions about relevant activities between the parties sharing control is a requirement in order to meet the definition of joint control. Joint arrangements can be joint operations or joint ventures. The classification is principle based and depends on the parties' exposure in relation to the arrangement. When the parties' exposure to the arrangement only extends to the net assets of the arrangement, the arrangement is a joint venture. Joint operations have rights to assets and obligations for liabilities. Joint operations account for their rights to assets and obligations for liabilities. Joint ventures account for their interest by using the equity method of accounting. This standard has no impact to the Group.

TFRS 12 require entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. This standard has no impact to the Group.

b) Financial reporting standards with minor changes and do not have impact to the Group are as follows:

TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of cash flows
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 11 (revised 2014)	Construction contracts
TAS 12 (revised 2014)	Income taxes
TAS 16 (revised 2014)	Property, plant and equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 20 (revised 2014)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 23 (revised 2014)	Borrowing costs
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 29 (revised 2014)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2014)	Earnings per share
TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment property
TFRS 2 (revised 2014)	Share-based payment
TFRS 3 (revised 2014)	Business combinations
TFRS 5 (revised 2014)	Non-current assets held for sale and discontinued operations
TFRS 6 (revised 2014)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2014)	Operating segments
TFRS 13	Fair value measurement

**2 Accounting policies (Cont'd)**

**2.2 New financial reporting standards and revised financial reporting standards (Cont'd)**

2.2.1 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group. (Cont'd)

b) Financial reporting standards with minor changes and do not have impact to the Group are as follows: (Cont'd)

TSIC 10 (revised 2014)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2014)	Service concession arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2014)	Intangible assets - Web site costs
TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2014)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2014)	Applying the restatement approach under TAS 29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2014)	Interim financial reporting and impairment
TFRIC 12 (revised 2014)	Service concession arrangements
TFRIC 13 (revised 2014)	Customer loyalty programmes
TFRIC 14 (revised 2014)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2014)	Agreements for the construction of real estate
TFRIC 17 (revised 2014)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2014)	Transfers of assets from customers
TFRIC 20	Stripping costs in the production phase of a surface mine

2.2.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group and are not early adopted:

a) Financial reporting standards, which have a significant impact to the Group:

TAS 36 (revised 2015)	Impairment of assets
TFRS 2 (revised 2015)	Share-based payment
TFRS 3 (revised 2015)	Business combinations
TFRS 8 (revised 2015)	Operating segments

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy, 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption.

TFRS 2 (revised 2015), 'Share based payments' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.



**2 Accounting policies (Cont'd)**

**2.2 New financial reporting standards and revised financial reporting standards (Cont'd)**

2.2.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group and are not early adopted: (Cont'd)

a) Financial reporting standards, which have a significant impact to the Group: (Cont'd)

TFRS 3 (revised 2015), 'Business combinations' clarifies i) an obligation to pay contingent consideration which meets the definition of a financial instrument as a financial liability or equity, on the basis of the definitions in TAS 32, 'Financial instruments: Presentation' (when announced) or other applicable standards. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss, and ii) TFRS 3 does not apply to the accounting for the formation of any joint venture under TFRS 11.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker.

b) Financial reporting standards with minor changes and do not have impact to the Group are as follows:

TAS 1 (revised 2015)	Presentation of financial statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of cash flows
TAS 8 (revised 2015)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2015)	Events after the reporting period
TAS 11 (revised 2015)	Construction contracts
TAS 12 (revised 2015)	Income taxes
TAS 16 (revised 2015)	Property, plant and equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee benefits
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TAS 21 (revised 2015)	The effects of changes in foreign exchange rates
TAS 23 (revised 2015)	Borrowing costs
TAS 24 (revised 2015)	Related party disclosures
TAS 26 (revised 2015)	Accounting and reporting by retirement benefit plans
TAS 27 (revised 2015)	Separate financial statements
TAS 28 (revised 2015)	Investments in associates and joint ventures
TAS 29 (revised 2015)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2015)	Earnings per share
TAS 34 (revised 2015)	Interim financial reporting
TAS 37 (revised 2015)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment property
TAS 41(revised 2015)	Agriculture
TFRS 4 (revised 2015)	Insurance contracts
TFRS 5 (revised 2015)	Non-current assets held for sale and discontinued operations
TFRS 6 (revised 2015)	Exploration for and evaluation of mineral resources
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 11 (revised 2015)	Joint arrangements
TFRS 12 (revised 2015)	Disclosure of interests in other entities
TFRS 13 (revised 2015)	Fair value measurement

**2 Accounting policies (Cont'd)**

**2.2 New financial reporting standards and revised financial reporting standards (Cont'd)**

2.2.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group and are not early adopted: (Cont'd)

b) Financial reporting standards with minor changes and do not have impact to the Group are as follows: (Cont'd)

TSIC 10 (revised 2015)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2015)	Operating leases - Incentives
TSIC 25 (revised 2015)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2015)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2015)	Service concession arrangements: Disclosures
TSIC 31 (revised 2015)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2015)	Intangible assets - Web site costs
TFRIC 1 (revised 2015)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2015)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2015)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2015)	Applying the restatement approach under TAS29 (revised 2014) Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2015)	Interim financial reporting and impairment
TFRIC 12 (revised 2015)	Service concession arrangements
TFRIC 13 (revised 2015)	Customer loyalty programmes
TFRIC 14 (revised 2015)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2015)	Agreements for the construction of real estate
TFRIC 17 (revised 2015)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2015)	Transfers of assets from customers
TFRIC 20 (revised 2015)	Stripping costs in the production phase of a surface mine
TFRIC 21 (revised 2015)	Levies

**2.3 Group accounting - Investments in subsidiaries and interests in joint ventures**

**a) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

**2 Accounting policies (Cont'd)**

**2.3 Group accounting - Investments in subsidiaries and interests in joint ventures (Cont'd)**

**a) Subsidiaries (Cont'd)**

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measured are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (see Note 2.11 for accounting policy on goodwill). If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the company's separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A list of the Group's principal subsidiaries and the financial effects of the acquisitions and disposals of are shown in Note 11.

**b) Transactions and non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in shareholders' equity.

**c) Joint arrangements**

The Group has applied TFRS11 to all joint arrangements as of 1 January 2015. Under TFRS11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The company has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

**2 Accounting policies (Cont'd)**

**2.3 Group accounting - Investments in subsidiaries and interests in joint ventures (Cont'd)**

**c) Joint arrangements (Cont'd)**

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2015.

In the Company's separate financial statements, interest in jointly controlled entities are accounted for using the cost method.

A list of the Group's joint venture and the financial effects of the acquisitions and disposals of joint venture are shown in Note 12.

**2.4 Foreign currency translation**

**a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

**b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

**c) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income or income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**2 Accounting policies (Cont'd)**

**2.5 Cash and cash equivalents**

In the consolidated and Company statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which exclude bank overdraft. In the consolidated and Company statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

**2.6 Trade accounts receivable**

Trade accounts receivable are carried at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statement of income within administrative expenses.

**2.7 Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of the purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts, allowances or rebates. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

**2.8 Films under production**

Films under production are costs of films under production which will be recognised as cost of films upon the sale or release of the films, basing on the future revenue expected from various channels as detailed in Note 2.12. Costs of films comprise costs directly attributable to films production and are stated at cost.

**2.9 Investments**

The Group classifies investments other than investments in subsidiaries as general investments. The classification is dependent on the purpose for which the investments were acquired. The management determine the appropriate classification of its investments at the time of the purchase and re-evaluate such designation on a regular basis.

General investments are non-marketable investments in equity. General investments are carried at cost less allowance for impairment loss.

A test for impairment is carried out when there is an indicator that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between fair value of the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of some parts of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average amount of the total holding of the investment.

## **2 Accounting policies (Cont'd)**

### **2.10 Buildings and equipment**

Buildings and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives or, if it is shorter, the lease term as follows:

Buildings	20 years
Building improvements	3, 5 years
Office equipment	3, 5 years
Motor vehicles (including vehicles under finance leases)	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in the statement of income.

Interest costs on borrowings to finance the building and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. The borrowing costs include interest on short-term and long-term borrowings, and related taxes. All other borrowing costs are expenses.

### **2.11 Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported as intangible assets in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

**2 Accounting policies (Cont'd)**

**2.12 Intangible assets**

**Film rights**

Film rights are capitalised at the purchase price which includes costs directly attributable to the acquisition of rights. Film rights are amortised and charged to direct costs of exhibition, VCD and DVD, Cable TV and TV broadcasting at the ratio relating to the expected revenue earned from each of the revenue-generated channels over the lifetime of rights this is normally from 2 to 10 years. In the event that a loss is anticipated for each right, an amount equivalent to this loss will be written-off in the statement of income immediately.

**Computer software**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

Cost associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs included staff costs of the software development team and as appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs are recognised as assets are amortised using the straight-line method over their useful lives, but not exceeding a period of 10 years.

**2.13 Impairment of assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.14 Leases - where a Group Company is the lessee**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

**2 Accounting policies (Cont'd)**

**2.15 Borrowings**

Borrowings are recognised initially at the fair value, net of transaction costs incurred and subsequently stated at cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

**2.16 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company's subsidiaries and joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and joint venture, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



**2 Accounting policies (Cont'd)**

**2.17 Employee benefits**

**2.17.1 Retirement benefits**

Group companies operate various retirement benefits schemes. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

**2.17.2 Termination benefits**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

**2.17.3 Profit-sharing and bonus plans**

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## **2 Accounting policies (Cont'd)**

### **2.18 Share-based payment**

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options, over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

### **2.19 Provisions**

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain.

### **2.20 Provision for goods returns**

Provision for goods returns in relation to VCDs and DVDs is estimated based on historical experience and other relevant market factors. Provision for goods returns is computed from sales profit margin and presented on a net basis as a deduction from gross sales concerned.

## **2 Accounting policies (Cont'd)**

### **2.21 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Management fee revenue and service revenue are recognised when services are rendered.

Revenue from film production and sales of film rights distribution, advertising revenue and media business are recognised as follows;

- Revenue from box-office sharing between the licensor and theatre owner is recognised when the film rights/film production have been exhibited.
- Sales of film rights, VCD and DVD and pocket books are based on invoiced netted of output tax, rebates and discounts. Revenue from sales of goods and rights is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.
- Royalty fees on film rights or film production being charged at fixed amounts in which they cannot be refunded and the licensor has no further obligations subsequent to granting the rights, are recognised as revenue in full when the licensee is entitled to exercise the rights under the terms of the agreement.
- Revenue from advertising is recognised when the media is appeared.
- Revenue from producing all kinds of media is recognised when services are rendered as agreed with customers.

Interest income is recognised on a time proportion basis, taking into account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

### **2.22 Dividend payment**

Dividend payment to shareholders is recorded in the consolidated and company financial statements in the period in which they are approved by the shareholders.

### **2.23 Financial instruments**

Significant financial assets carried on the statement of financial position include cash and cash equivalents, trade account receivables and other receivables, short-term loans to subsidiaries and a third party. Significant financial liabilities carried on the statement of financial position include bank overdraft and short-term borrowings from financial institutions, trade accounts payable, other payables, long term borrowings and liabilities under finance lease. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### **2.24 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors committee that makes strategic decisions.

### **3 Financial risk management**

#### **3.1 Financial risk factors**

The Group's activities expose to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

##### **3.1.1 Interest rate risk**

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. However, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The borrowing interest rates of the Group are partially floated. The Group does not use the interest rate derivative to manage exposure from fluctuation in interest rate.

##### **3.1.2 Foreign exchange risk**

The Group has significant exposure to foreign currency risk from purchase of film rights in various currencies. The Group does not use any derivative financial instruments to hedge foreign currency exposure.

##### **3.1.3 Credit risk**

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. The management of the Group believes that the maximum exposure to credit risk is the carrying amount of the accounts receivable less allowance for doubtful accounts, as stated in the consolidated statement of financial position.

##### **3.1.4 Liquidity risk**

Prudent liquidity risk management implies maintaining, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

#### **3.2 Fair value**

The fair values of financial assets and liabilities with a maturity of less than one year are approximate their book values. Loans made with related parties carried an interest approximately at the market interest rate. Management believes that their net book values of such loans are assumed to be approximate to their fair value.

#### **4 Critical accounting estimates, assumptions and judgements**

Estimates, assumptions and judgements are continually evaluated by the management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **4.1 Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

###### **(a) Impairment of receivables**

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

###### **(b) Allowance for obsolete, slow-moving and defective inventories**

The Group has made allowance, where necessary, for obsolete, slow moving and defective inventories by estimating the net realisable value was calculated from the selling price in the ordinary course of business, less the cost of completion and selling expenses. Furthermore, the calculation of the net realisable estimation was based on historical experience, management's knowledge of the industry and future market trends.

###### **(c) Valuation of movies under production**

The cost of movies under production is recognised when incurred. When there is an indicator, the Group tests impairment on a title by title basis, and if the estimated remaining net cash flows are not sufficient to recover each title cost, the impairment will be recognised. The estimation of net cash flow is calculated and estimated by the management.

###### **(d) Building and equipment and intangible assets**

Management determines the estimated useful lives and residual values for the Group's plant and equipment and intangible assets. Management will revise the depreciation charge when useful lives and residual values are different to previous estimation, or will write off or write down technically obsolete or assets that have been abandoned or sold.

**4 Critical accounting estimates, assumptions and judgements (Cont'd)**

**4.1 Critical accounting estimates and assumptions (Cont'd)**

**(e) Estimated impairment of goodwill**

The Group conducts an annual impairment test on goodwill to determine whether goodwill has suffered any impairment loss as disclosed in the accounting policy per note 2.11. The impairment test involves the comparison of the carrying value of goodwill to the recoverable amount from a cash-generating unit (CGU). The recoverable amount of a CGU is determined based on an asset's fair value less costs to sell. Regarding future uncertainty which may have optimistic and pessimistic effect on the recoverable amount from a CGU. The Group has engaged on independent certified financial advisor to consider the probability of the estimation by applying weighted average fair value less cost to sell, giving the probability of 64% for the base case, and 18% for optimistic case as well as pessimistic case. This probability was derived from calculating the average sales revenue over the past three years, compared with the estimated sales revenue during the year 2016. As of 31 December 2015, the recoverable amount from investing in M Pictures Co., Ltd. is equivalent to Baht 422 million. For the purposes of assessing impairment, assets are grouped at the lowest level of each identifiable cash flows (cash-generating unit). The Group has engaged an independent certified financial advisor to assess the recoverable amount. The recoverable amount assessment is based on a ten-year pre-tax cash flow projection by referring to a financial and business operating plan of each cash generating unit, which have been approved by the management, and using estimated discounted cash flows, based on the estimated growth rate which does not exceed the average growth rate achieved by the CGU in the past.

Key assumptions used in the recoverable amount assessment include:

Growth rate 2.2%  
Discounted rate and probability

<b>M Pictures Co., Ltd.</b>			<b>Unit: Million Baht</b>
<b>Scenario</b>	<b>Discount rate</b>	<b>Recoverable amount</b>	<b>Probability</b>
Pessimistic Case	8.3%	343	18%
Base Case	7.3%	416	64%
Optimistic Case	6.3%	524	18%

Source of data: valuation report dated 29 January 2016.

Environmental factors that are likely to be pessimistically and optimistically, include the Group being a joint venture acquiring movie license rights from other buyers (to reduce costs and risks), agreed condition on sharing of profit from movie license rights distribution to other companies; an increase in the number of theaters located in provinces and other nearby countries where there are purchasing power, political protest; and the strike of writers residing overseas. The financial advisor has recommended the Group to use the fair value less cost to sell, weighted with the probability of each case.

The sensitivity analysis had been performed on key assumptions including the discounted rate. If the discounted rate applied is higher than normal rate by 1% (from 8.3% rather than 6.3%) as advised by the financial advisor, it will cause a reduction in recoverable amount. However, management has prepared the financial projection based on historical financial performance and the estimated growth of the market which is consistent with the historical data. The discounted rates applied are estimated based on the weighted average cost of capital (WACC) of each CGU and the probability of each case. As a result, the management confided that an allowance for impairment is adequate and appropriate under the current circumstance.

**(f) Provision for goods returns**

The management has estimated the provision for goods returns in relation to VCDs and DVDs. The percentage of goods returned is estimated based on historical information, experiences and existing business models.

**4 Critical accounting estimates, assumptions and judgements (Cont'd)**

**4.1 Critical accounting estimates and assumptions (Cont'd)**

**(g) Revenue/Amortisation of film rights**

Film rights are amortised and recognised to cost of sales of film rights at the ratio relating to the expected revenue earned from each of the revenue-generated channels over the estimated period to utilise the rights. The expected revenue-generated from each channel used for computing the amortisation ratio is estimated by the management, based on historical information and experience.

**(h) Employee benefits obligations**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discounted rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discounted rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discounted rate, the Group considers the market yield of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on the current market conditions. Additional information is disclosed in Note 19.

**5 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

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**6 Segment information**

Financial information by business segments is as follows:

	<b>Consolidated</b>				<b>Unit: Baht</b>
	<b>Film rights distribution</b>	<b>VCD/DVD distribution</b>	<b>Film production</b>	<b>Others</b>	<b>Consolidated</b>
<b>For the year ended 31 December 2015</b>					
Revenue					
Gross segment revenue	179,334,981	288,625,890	89,400,363	8,384,039	565,745,273
Inter - segment revenue	(22,791,219)	173,593	(1,700,000)	-	(24,317,626)
Net revenue from third parties	<u>156,543,762</u>	<u>288,799,483</u>	<u>87,700,363</u>	<u>8,384,039</u>	<u>541,427,647</u>
Segment result	<u>50,398,275</u>	<u>(38,644,978)</u>	<u>(83,081,313)</u>	<u>(59,998)</u>	(71,388,014)
Unallocated costs					(29,437,458)
Other income					8,890,636
Finance costs					(566,503)
Share of loss of joint venture					<u>(3,966,920)</u>
Loss before income tax					(96,468,259)
Income tax					<u>(6,589,801)</u>
Net loss for the year					<u><u>(103,058,060)</u></u>



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**6 Segment information (Cont'd)**

Financial information by business segments is as follows: (Cont'd)

	Consolidated				Unit: Baht
	Film rights distribution	VCD/DVD distribution	Film production	Others	Consolidated
<b>For the year ended 31 December 2014</b>					
Revenue					
Gross segment revenue	415,456,136	382,857,751	75,641,043	9,170,219	883,125,149
Inter - segment revenue	(36,130,900)	(488,398)	(8,300,000)	-	(44,919,298)
Net revenue from third parties	<u>379,325,236</u>	<u>382,369,353</u>	<u>67,341,043</u>	<u>9,170,219</u>	<u>838,205,851</u>
Segment result	<u>121,809,226</u>	<u>(132,074,496)</u>	<u>(164,669,633)</u>	<u>4,668,404</u>	(170,266,499)
Unallocated costs					(31,807,392)
Other income					11,450,044
Finance costs					(25,453,041)
Share of profit of joint venture					<u>7,354,573</u>
Loss before income tax					(208,722,315)
Income tax					<u>19,460,571</u>
Net loss for the year					<u>(189,261,744)</u>

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**7 Cash and cash equivalents**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Cash on hand	750,491	367,427	35,224	31,846
Deposits held at call with banks	88,959,583	82,593,237	55,813,209	4,470,864
Fixed accounts	9,821	9,696	9,820	9,696
Cash and cash equivalents	<u>89,719,895</u>	<u>82,970,360</u>	<u>55,858,253</u>	<u>4,512,406</u>

The interest rate on fixed accounts with banks is at 1.40% per annum (2014: 1.40% per annum).

**8 Trade accounts and other receivables, net**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Trade accounts receivable				
- Third parties	263,215,896	268,969,626	-	-
- Related parties (Note 28)	13,042,521	47,628,994	1,583,600	1,915,300
Total trade accounts receivable	<u>276,258,417</u>	<u>316,598,620</u>	<u>1,583,600</u>	<u>1,915,300</u>
Accrued income				
- Third parties	11,882,463	14,800,228	-	-
- Related parties (Note 28)	1,643,773	4,719,683	-	-
Total accrued income	<u>13,526,236</u>	<u>19,519,911</u>	<u>-</u>	<u>-</u>
Total trade accounts receivable and accrued income	<u>289,784,653</u>	<u>336,118,531</u>	<u>1,583,600</u>	<u>1,915,300</u>
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Trade accounts receivable and accrued income, net	289,784,653	336,118,531	1,583,600	1,915,300
Amounts due from related parties (Note 28)	167,894	116,949,409	23,900,636	35,882,207
Other account receivables	3,208,767	5,836,375	181,292	23,982
<u>Less</u> Allowance for doubtful accounts other account receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prepaid expenses	4,254,560	10,186,089	219,607	113,353
Advances to employees for film production	14,018,952	3,876,104	-	-
Trade account and other receivables, net	<u>311,434,826</u>	<u>472,966,508</u>	<u>25,885,135</u>	<u>37,934,842</u>

During 2015 and 2014 the Group wrote off trade account and other receivables which are aged overdue. The Group had allowance for these doubtful debts, provided full already. Such write-off was already approved by the Board of Directors.

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**8 Trade accounts and other receivables, net (Cont'd)**

Outstanding trade accounts receivable and accrued income as at 31 December can be analysed according to ages as follows:

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Trade accounts receivable				
Current	189,267,297	154,549,410	1,540,800	1,915,300
Over-due less than 3 months	51,696,718	76,449,267	42,800	-
Over-due 3 - 6 months	10,493,367	26,636,847	-	-
Over-due 6 - 12 months	10,815,265	30,228,367	-	-
Over-due over 12 months	13,985,770	28,734,729	-	-
Total trade accounts receivable	276,258,417	316,598,620	1,583,600	1,915,300
Accrued income	13,526,236	19,519,911	-	-
Total trade accounts receivable and accrued income	289,784,653	336,118,531	1,583,600	1,915,300
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Trade accounts receivable and accrued income, net	<u>289,784,653</u>	<u>336,118,531</u>	<u>1,583,600</u>	<u>1,915,300</u>

**9 Inventories, net**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Finished goods	88,429,750	103,497,880	-	-
<u>Less</u> Allowance for obsolescence	(4,780,960)	(3,235,277)	-	-
Allowance for diminution in value of inventories	(25,257,107)	(24,352,790)	-	-
Finished goods, net	58,391,683	75,909,813	-	-
Goods in transit	2,024,540	1,918,460	-	-
Inventories, net	<u>60,416,223</u>	<u>77,828,273</u>	<u>-</u>	<u>-</u>

Allowance for obsolescence and diminution in value of inventories was recognised in the consolidated statement of income amounting to Baht 2.45 million (2014: Baht 0.28 million).

As at 31 December 2015, inventories with a value of Baht 48.24 million (2014: Baht 51.64 million) were carried at net realisable value, which is lower than cost.

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**10 Other current assets, net**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Undue input VAT	3,032,560	8,417,779	81,964	296,717
Others	637,422	1,095,960	-	-
Other current assets, net	<u>3,669,982</u>	<u>9,513,739</u>	<u>81,964</u>	<u>296,717</u>

**11 Investments in subsidiaries, net**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Investment in subsidiaries	-	-	965,925,367	965,925,367
<u>Less</u> Allowance for impairment	-	-	<u>(728,264,800)</u>	<u>(728,264,800)</u>
Investment in subsidiaries, net	<u>-</u>	<u>-</u>	<u>237,660,567</u>	<u>237,660,567</u>

**a) Movements of investments in subsidiaries**

	Unit: Baht	
	Company	
	2015	2014
<b>Investment in subsidiaries</b>		
Opening net book amount	237,660,567	335,105,367
Acquisition of investments	-	-
Allowance for impairment	-	<u>(97,444,800)</u>
Closing net book amount	<u>237,660,567</u>	<u>237,660,567</u>

During the year 2014, the Company recognised impairment on investment in a subsidiary which was primarily due to the significant decrease in projected revenue arising from external factors as well as market situation and trend. Moreover, this subsidiary has incurred a continuous loss, resulting in shareholders' deficit.

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**11 Investments in subsidiaries, net (Cont'd)**

**b) The details of investments in subsidiaries are as follows:**

Subsidiaries	Nature of business	Nature of relationship	Country of incorporation	% Ownership interest		Unit: Baht	
				2015	2014	2015	2014
TV Forum Company Limited	Television media business	Shareholder	Thailand	99.99	99.99	99,999,300	99,999,300
M Pictures Company Limited	Distribution of film rights for cinema, VCD/DVD production and TV broadcast	Shareholder	Thailand	99.99	99.99	369,997,760	369,997,760
M V D Company Limited	Distribution of VCD/DVD, Blu-ray and film rights	Shareholder	Thailand	99.99	99.99	398,483,507	398,483,507
M Thirty Nine Company Limited	Film production	Shareholder	Thailand	99.99	99.99	75,000,000	75,000,000
Talent One Company Limited	Film production, services for all forms of entertainment and sales of pocket books	Shareholder	Thailand	90.00	90.00	22,444,800	22,444,800
						965,925,367	965,925,367
						(728,264,800)	(728,264,800)
						237,660,567	237,660,567
<u>Less</u> Allowance for impairment							
Investments in subsidiaries, net							
<b>Subsidiaries under M V D Company Limited</b>							
Pacific Media Sale Company Limited	Distribution of CD, VCD and DVD	Indirect shareholder		99.40	99.40		

All subsidiaries are incorporated in Thailand. All holdings are investments in ordinary shares.

All subsidiaries undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

**Subsidiary dissolution**

At the Extraordinary Shareholders' Meeting of TV Forum Company Limited No. 1/2015 held on 31 October 2015, the shareholders approved to dissolve TV Forum Company Limited. The dissolution had already been registered with the Ministry of Commerce on 2 November 2015. However, the Company has recognised a full impairment of investment in this subsidiary.

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**12 Investments in joint ventures, net**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Investments in joint ventures	49,840,108	40,738,937	76,770,069	49,994,743
<u>Less</u> Allowance for impairment	-	-	(35,960,000)	-
Investments in joint ventures, net	<u>49,840,108</u>	<u>40,738,937</u>	<u>40,810,069</u>	<u>49,994,743</u>

**a) Movements of investments in joint ventures are as follows:**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
<b>Investments in joint ventures</b>				
Opening net book amount	40,738,937	8,384,364	49,994,743	24,994,743
Acquisition	26,775,326	25,000,000	26,775,326	25,000,000
Share of profit (loss) of investments in joint ventures	(3,966,920)	7,354,573	-	-
Share of profit (loss) from change in financial assumptions	(185,947)	-	-	-
Difference form translation of financial statement	(21,318)	-	-	-
Allowance for impairment	-	-	(35,960,000)	-
Dividend income	<u>(13,499,970)</u>	-	-	-
Closing net book amount	<u>49,840,108</u>	<u>40,738,937</u>	<u>40,810,069</u>	<u>49,994,743</u>

**Investments in joint ventures**

**Year 2015**

**Transformation Film Co., Ltd.**

The Company recognised impairment on investments in this joint venture amount of Baht 35.96 million from total investment of Baht 50 million which was primarily due to the significant decrease in projected revenue arising from external factors as well as market situation and trend. Moreover, this joint venture has incurred a continuous loss.

In addition to the above, M Pictures Entertainment Public Company Limited paid Baht 25.0 million for share subsidiary in Transformation Films Co., Ltd. in February 2015. And now the company completed the registration in 29 September 2015.

**MVP M-Pictures Film Distribution (Lao) Co., Ltd.**

On 24 August 2015, M Pictures Entertainment Public Company Limited acquired 40,000 ordinary shares totalling Baht 1,775,326 in MVP M-Pictures Film Distribution (Lao). Investment in MVP M-Pictures Film Distribution (Lao) Co., Ltd. is classified as joint venture of the Group. The Group holds shares representing 40% of the issued share capital. The equity method of accounting is applied to this investment in the consolidated financial information.

**Dividend income**

At the Board of Director Meeting of Major Kantana Broadcasting Company Limited held on 2 March 2015, the directors approved a dividend payment in cash of Baht 7.50 per share. The Company received a cash dividend of Baht 13.50 million on 18 March 2015 which was included in "Other income" in the Company's income statement.

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**12 Investments in joint venture, net (Cont'd)**

**a) Movements of investments in joint venture are as follows: (Cont'd)**

**Year 2014**

On 22 August 2014, M Pictures Entertainment Public Company Limited invested in 500,000 shares of Transformation Film Co., Ltd. Investment in Transformation Film Co., Ltd. is classified as a joint venture of the Group. The Group holds Transformation Film Co., Ltd.'s shares representing 28.57% of the issued and paid-up share capital. The equity method of accounting is applied to this investment in the consolidated financial information.

**b) The details of investments jointly controlled entities are as follows:**

Jointly controlled entities	Business	Nature of relationship	Country of incorporation	% Ownership Interest		Unit: Baht	
						Cost method	
				2015	2014	2015	2014
Major Kantana Broadcasting Company Limited	Satellite broadcasting and distribution of film rights	Shareholder	Thailand	44.99	44.99	24,994,743	24,994,743
Transformation Film Company Limited	Film production, advertising, TV broadcasting and services for all forms of entertainment	Shareholder	Thailand	28.57	28.57	50,000,000	25,000,000
MVP M-Pictures Film Distribution (Lao) Co., Ltd.	Distribution of film rights for cinema, VCD/DVD production and TV broadcast	Shareholder	Laos	40.00	-	1,775,326	-
						76,770,069	49,994,743
Less Allowance for impairment						(35,960,000)	-
Investments in joint ventures, net						40,810,069	49,994,743

All holdings are investment in ordinary shares.

**Commitments and contingent liabilities in respect of joint ventures**

The group has the following commitments relating to its joint ventures.

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Commitment to provide funding if called Transformation Film Co., Ltd.	-	25,000,000	-	25,000,000

There are no contingent liabilities relating to the group's interest in the joint ventures.

Set out below are the summarised financial information for joint ventures which is accounted for using the equity method.

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**12 Investments in joint venture, net (Cont'd)**

**b) The details of investments jointly controlled entities are as follows: (Cont'd)**

**Summarised statement of financial position**

	Unit: Baht					
	Transformation Film Co., Ltd.		Major Kantana Broadcasting Co., Ltd.		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2015	2014	2015	2014	2015	2014
<b>Current assets and liabilities</b>						
Cash and cash equivalents	32,156,771	76,925,194	50,694,017	41,440,082	82,850,788	118,365,276
Other current assets (excluding cash)	27,671,763	85,866,261	174,250,622	187,419,387	201,922,385	273,285,648
Total current assets	59,828,534	162,791,455	224,944,639	228,859,469	284,773,173	391,650,924
Financial liabilities (excluding trade payables)	-	-	-	-	-	-
Other current liabilities (including trade payables)	3,212,818	127,947,351	194,545,364	191,141,196	197,758,182	319,088,547
Total current liabilities	3,212,818	127,947,351	194,545,364	191,141,196	197,758,182	319,088,547
<b>Non-current assets and liabilities</b>						
Assets	2,438,181	5,163,301	40,621,304	28,058,660	43,059,485	33,221,961
Financial liabilities	-	-	196,303	-	196,303	-
Other non-current liabilities	67,571	-	1,224,365	646,074	1,291,936	646,074
Total non-current liabilities	67,571	-	1,420,668	646,074	1,488,239	646,074
<b>Net assets</b>	<b>58,986,326</b>	<b>40,007,405</b>	<b>69,599,911</b>	<b>65,130,859</b>	<b>128,586,237</b>	<b>105,138,264</b>

**Summarised statement of comprehensive income**

	Unit: Baht					
	Transformation Film Co., Ltd.		Major Kantana Broadcasting Co., Ltd.		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2015	2014	2015	2014	2015	2014
Revenue	55,266,312	14,458,363	314,897,406	307,481,785	370,163,718	321,940,148
Cost	(62,474,111)	(25,291,020)	(210,378,662)	(188,252,578)	(272,852,773)	(213,543,598)
Other revenue	50,000	-	4,599,359	5,821,313	4,649,359	5,821,313
Share of revenue of investments in joint ventures	-	-	(6,549,599)	(2,736,375)	(6,549,599)	(2,736,375)
Interest income	231,839	142,895	1,028,175	537,773	1,260,014	680,668
Selling and administration expense	(59,732,277)	(32,936,291)	(57,377,222)	(62,958,251)	(117,109,499)	(95,894,542)
Depreciation and amortisation	(742,322)	(238,182)	(1,920,045)	(1,532,530)	(2,662,367)	(1,770,712)
Interest expense	(1,120,520)	(3,628,360)	(25,976)	(11,534)	(1,146,496)	(3,639,894)
<b>Profit or loss from continuing operations</b>	<b>(68,521,079)</b>	<b>(47,492,595)</b>	<b>44,273,436</b>	<b>58,349,603</b>	<b>(24,247,643)</b>	<b>10,857,008</b>
Income tax expense	-	-	9,391,167	11,181,275	9,391,167	11,181,275
<b>Post-tax profit or loss from continuing operations</b>	<b>(68,521,079)</b>	<b>(47,492,595)</b>	<b>34,882,269</b>	<b>47,168,328</b>	<b>(33,638,810)</b>	<b>(324,267)</b>
<b>Post-tax profit from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(413,217)</b>	<b>-</b>	<b>(413,217)</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(68,521,079)</b>	<b>(47,492,595)</b>	<b>34,469,052</b>	<b>47,168,328</b>	<b>(34,052,027)</b>	<b>(324,267)</b>



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**12 Investments in joint venture, net (Cont'd)**

**b) The details of investments jointly controlled entities are as follows: (Cont'd)**

The information above reflects the amounts presented in the unaudited financial statements of the joint ventures (related amounts do not represent the Group's interest in these joint ventures) adjusted with the differences in accounting policies between the Group and the joint ventures.

**Reconciliation of summarised financial information**

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures

	Unit: Baht					
	Transformation Film Co., Ltd.		Major Kantana Broadcasting Co., Ltd.		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2015	2014	2015	2014	2015	2014
Summarised financial Information						
Opening net assets 1 January	40,007,405	-	65,130,859	17,962,531	105,138,264	17,962,531
Dividend	-	-	(30,000,000)	-	(30,000,000)	-
Acquisition	87,500,000	87,500,000	-	-	87,500,000	87,500,000
Profit (loss) for the period	(68,521,079)	(47,492,595)	34,882,269	47,168,328	(33,638,810)	(324,267)
Other comprehensive income	-	-	(413,217)	-	(413,217)	-
Closing net assets	58,986,326	40,007,405	69,599,911	65,130,859	128,586,237	105,138,264
Interest in joint venture (28.57% and 44.99%)	16,852,393	11,430,116	31,319,890	29,308,821	48,172,283	40,738,937
Goodwill	-	-	-	-	-	-
Carrying value	16,852,393	11,430,116	31,319,890	29,308,821	48,172,283	40,738,937

**Individually immaterial joint venture**

In addition to the interests in joint ventures disclosed above, the Group also has interests in one individually immaterial joint venture that is accounted for using the equity method.

	Unit: Baht	
	2015	2014
Aggregate carrying amount of individually immaterial joint venture	1,667,825	-
Aggregate amounts of the reporting entity's share of:		
Profit/(loss) from continuing activities	(86,184)	-
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	(21,318)	-
<b>Total comprehensive income</b>	<b>(107,502)</b>	<b>-</b>

**13 Other long-term investment, net**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Other long-term investment				
- Future Biz Co., Ltd.	8,500,000	8,500,000	8,500,000	8,500,000
Less Allowance for impairment	(8,500,000)	(8,500,000)	(8,500,000)	(8,500,000)
Other long-term investment, net	-	-	-	-

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**14 Buildings and equipment, net**

	<b>Consolidated</b>				<b>Unit: Baht</b>
	<b>Buildings and building improvements</b>	<b>Office equipment</b>	<b>Motor vehicles</b>	<b>Construction in progress</b>	<b>Total</b>
<b>At 1 January 2014</b>					
Cost	18,706,350	31,858,214	1,602,860	-	52,167,424
<u>Less</u> Accumulated depreciation	(8,212,325)	(24,147,407)	(640,616)	-	(33,000,348)
Allowance for impairment	(24,284)	(669,714)	-	-	(693,998)
Net book value	<u>10,469,741</u>	<u>7,041,093</u>	<u>962,244</u>	<u>-</u>	<u>18,473,078</u>
<b>For the year ended 31 December 2014</b>					
Opening net book value	10,469,741	7,041,093	962,244	-	18,473,078
Additions	753,761	2,658,749	-	2,004,000	5,416,510
Disposals, net	-	(1)	-	-	(1)
Write-off, net	-	(19,332)	-	-	(19,332)
Depreciation charge (Note 24)	(1,709,439)	(3,451,795)	(319,871)	-	(5,481,105)
Closing net book value	<u>9,514,063</u>	<u>6,228,714</u>	<u>642,373</u>	<u>2,004,000</u>	<u>18,389,150</u>
<b>At 31 December 2014</b>					
Cost	19,460,111	33,716,149	1,602,860	2,004,000	56,783,120
<u>Less</u> Accumulated depreciation	(9,921,764)	(26,817,721)	(960,487)	-	(37,699,972)
Allowance for impairment	(24,284)	(669,714)	-	-	(693,998)
Net book value	<u>9,514,063</u>	<u>6,228,714</u>	<u>642,373</u>	<u>2,004,000</u>	<u>18,389,150</u>
<b>For the year ended 31 December 2015</b>					
Opening net book value	9,514,063	6,228,714	642,373	2,004,000	18,389,150
Additions	65,415	3,086,062	-	2,610,875	5,762,352
Transfer in (Transfer out), net	-	4,168,000	-	(4,168,000)	-
Disposals, net	-	(15,025)	-	-	(15,025)
Write-off, net	(1)	(167,839)	-	-	(167,840)
Depreciation charge (Note 24)	(1,677,635)	(3,863,003)	(319,871)	-	(5,860,509)
Closing net book value	<u>7,901,842</u>	<u>9,436,909</u>	<u>322,502</u>	<u>446,875</u>	<u>18,108,128</u>
<b>At 31 December 2015</b>					
Cost	19,475,522	34,061,620	1,602,860	446,875	55,586,877
<u>Less</u> Accumulated depreciation	(11,573,680)	(24,330,682)	(1,280,358)	-	(37,184,720)
Allowance for impairment	-	(294,029)	-	-	(294,029)
Net book value	<u>7,901,842</u>	<u>9,436,909</u>	<u>322,502</u>	<u>446,875</u>	<u>18,108,128</u>

As at 31 December 2014, the Company had pledged the condominium with the cost of Baht 8.97 million as collateral against borrowing facility obtained from the commercial bank and such collateral has been redeemed in 2015.

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**14 Buildings and equipment, net (Cont'd)**

	<b>Company</b>			<b>Unit: Baht</b>
	<b>Buildings and building improvements</b>	<b>Office equipment</b>	<b>Construction in progress</b>	<b>Total</b>
<b>At 1 January 2014</b>				
Cost	10,187,779	5,565,688	-	15,753,467
<u>Less</u> Accumulated depreciation	(6,423,425)	(3,811,626)	-	(10,235,051)
Net book value	<u>3,764,354</u>	<u>1,754,062</u>	-	<u>5,518,416</u>
<b>For the year ended 31 December 2014</b>				
Opening net book value	3,764,354	1,754,062	-	5,518,416
Additions	371,946	90,500	2,004,000	2,466,446
Write-off, net	-	(19,333)	-	(19,333)
Depreciation charge (Note 24)	(612,165)	(586,865)	-	(1,199,030)
Closing net book value	<u>3,524,135</u>	<u>1,238,364</u>	<u>2,004,000</u>	<u>6,766,499</u>
<b>At 31 December 2014</b>				
Cost	10,559,725	5,626,688	2,004,000	18,190,413
<u>Less</u> Accumulated depreciation	(7,035,590)	(4,388,324)	-	(11,423,914)
Net book value	<u>3,524,135</u>	<u>1,238,364</u>	<u>2,004,000</u>	<u>6,766,499</u>
<b>For the year ended 31 December 2015</b>				
Opening net book value	3,524,135	1,238,364	2,004,000	6,766,499
Additions	13,065	738,383	2,164,000	2,915,448
Transfer in (Transfer out), net	-	4,168,000	(4,168,000)	-
Disposals, net	-	(4,172)	-	(4,172)
Write-off, net	-	(167,838)	-	(167,838)
Depreciation charge (Note 24)	(573,556)	(1,254,857)	-	(1,828,413)
Closing net book value	<u>2,963,644</u>	<u>4,717,880</u>	-	<u>7,681,524</u>
<b>At 31 December 2015</b>				
Cost	10,572,790	8,957,245	-	19,530,035
<u>Less</u> Accumulated depreciation	(7,609,146)	(4,239,365)	-	(11,848,511)
Net book value	<u>2,963,644</u>	<u>4,717,880</u>	-	<u>7,681,524</u>

Leased assets associated with copy machines included above, where the Group and the Company is a lessee under finance lease contract, are as follows:

	<b>Unit: Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Cost - capitalised finance leases	748,450	963,210	748,450	963,210
<u>Less</u> Accumulated depreciation	(112,780)	(679,312)	(112,780)	(679,312)
Net book value	<u>635,670</u>	<u>283,898</u>	<u>635,670</u>	<u>283,898</u>

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**15 Intangible assets, net**

	<b>Consolidated</b>			<b>Unit: Baht</b>
	<b>Goodwill</b>	<b>Computer program</b>	<b>Film rights</b>	<b>Company Computer program and film rights</b>
<b>At 1 January 2014</b>				
Cost	439,069,516	7,656,772	1,512,529,783	16,206,649
<u>Less</u> Accumulated amortisation	-	(4,513,365)	(1,184,675,781)	(14,151,745)
Allowance for impairment	(296,222,335)	(1,316,008)	(38,611,169)	(1,396,244)
Net book value	<u>142,847,181</u>	<u>1,827,399</u>	<u>289,242,833</u>	<u>658,660</u>
<b>For the year ended 31 December 2014</b>				
Opening net book value	142,847,181	1,827,399	289,242,833	658,660
Additions	-	313,480	317,701,422	313,480
Write-off, net	-	-	-	-
Amortisation (Note 24)	-	(261,363)	(436,696,787)	(178,985)
Impairment charge (Note 24)	(3,704,675)	-	(16,903,613)	-
Closing net book value	<u>139,142,506</u>	<u>1,879,516</u>	<u>153,343,855</u>	<u>793,155</u>
<b>At 31 December 2014</b>				
Cost	439,069,516	7,970,252	1,685,938,283	16,520,129
<u>Less</u> Accumulated amortisation	-	(4,774,728)	(1,479,374,912)	(14,330,730)
Allowance for impairment	(299,927,010)	(1,316,008)	(53,219,516)	(1,396,244)
Net book value	<u>139,142,506</u>	<u>1,879,516</u>	<u>153,343,855</u>	<u>793,155</u>
<b>For the year ended 31 December 2015</b>				
Opening net book value	139,142,506	1,879,516	153,343,855	793,155
Additions	-	35,900	213,703,172	-
Write-off, net	-	-	(3,665,201)	-
Amortization (Note 24)	-	(208,324)	(308,223,711)	(175,210)
Impairment charge (Note 24)	-	-	16,767,305	-
Closing net book value	<u>139,142,506</u>	<u>1,707,092</u>	<u>71,925,420</u>	<u>617,945</u>
<b>At 31 December 2015</b>				
Cost	439,069,516	8,006,152	1,810,010,822	16,520,129
<u>Less</u> Accumulated amortisation	-	(4,983,052)	(1,705,739,348)	(14,505,940)
Allowance for impairment	(299,927,010)	(1,316,008)	(32,346,054)	(1,396,244)
Net book value	<u>139,142,506</u>	<u>1,707,092</u>	<u>71,925,420</u>	<u>617,945</u>

The carrying amount of the segment has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This loss has been included in statement of income.

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

A segment-level summary of the goodwill allocation is presented below.

	<b>2015</b>				<b>2014</b>			
	<b>M Pictures Co., Ltd. Baht</b>	<b>MVD Co., Ltd. Baht</b>	<b>Talent One Co., Ltd. Baht</b>	<b>Total Baht</b>	<b>M Pictures Co., Ltd. Baht</b>	<b>MVD Co., Ltd. Baht</b>	<b>Talent One Co., Ltd. Baht</b>	<b>Total Baht</b>
Goodwill allocation								
Cost	165,967,777	269,397,064	3,704,675	439,069,516	165,967,777	269,397,064	3,704,675	439,069,516
<u>Less</u> Provision for impairment	(26,825,271)	(269,397,064)	(3,704,675)	(299,927,010)	(26,825,271)	(269,397,064)	(3,704,675)	(299,927,010)
Goodwill, net	<u>139,142,506</u>	-	-	<u>139,142,506</u>	<u>139,142,506</u>	-	-	<u>139,142,506</u>

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**16 Other non-current assets, net**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Guarantees on buildings rental and others	2,198,563	2,560,536	1,263,815	1,263,815
Others	-	-	-	-
Other non-current assets, net	<u>2,198,563</u>	<u>2,560,536</u>	<u>1,263,815</u>	<u>1,263,815</u>

**17 Trade accounts and other payables**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Trade accounts payable	85,049,620	90,483,839	-	-
Amounts due to related parties (Note 28)	801,111	21,536,132	12,310,277	15,147,936
Other payables	9,898,963	22,912,643	619,480	1,448,914
Deferred income	32,583,971	38,315,282	-	-
Accrued expenses	19,523,539	49,542,327	2,238,596	1,342,952
Trade accounts and other payables	<u>147,857,204</u>	<u>222,790,223</u>	<u>15,168,353</u>	<u>17,939,802</u>

**18 Borrowings**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
<b>Current</b>				
Bank overdrafts	9,504,622	-	-	-
Short-term borrowings from financial institutions	-	50,000,000	-	-
Total bank overdrafts and short-term borrowings from financial institutions	<u>9,504,622</u>	<u>50,000,000</u>	<u>-</u>	<u>-</u>
Current portions of long-term borrowings from financial institutions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Non-current</b>				
Long-term borrowings from financial institutions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total borrowings from financial institutions</b>	<u>9,504,622</u>	<u>50,000,000</u>	<u>-</u>	<u>-</u>

The interest rate exposure on the borrowing and bank overdrafts of the Group and the Company is as follows:

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Borrowings:				
- at fixed rates	-	50,000,000	-	-
- at floating rates	9,504,622	-	-	-
Total borrowings	<u>9,504,622</u>	<u>50,000,000</u>	<u>-</u>	<u>-</u>

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**18 Borrowings (Cont'd)**

The interest rates at the statement of financial position date were as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Bank overdrafts	7.175% - 7.500%	-	-	-
Bank borrowings	-	-	-	-
Bank promissory notes	-	3.400% - 6.750%	-	-

The movements in financial institutions borrowings (exclude bank overdrafts) can be analysed as follows:

	<b>Unit: Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Opening balance	50,000,000	773,887,502	-	174,825,463
Additions	45,000,000	560,000,000	-	49,400,000
Repayments made during the year	(95,000,000)	(1,283,887,502)	-	(224,225,463)
Closing balance	-	50,000,000	-	-

As at 31 December 2014, the Group had promissory notes denominated in Thai Baht of Baht 50 million.

**Borrowing facilities**

As at 31 December 2015, the Group had the available credit facilities of Baht 1,069.16 million (2014: Baht 1,439.50 million). Borrowing facilities are mainly for the purpose of acquisitions of film rights, film productions and working capital.

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**19 Employee benefit obligations**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Statement of financial position				
Retirement benefits	3,638,182	3,820,179	1,502,149	2,237,252
Profit or loss charge included in operating profit for:				
Retirement benefits	705,286	1,351,007	350,887	474,129
Remeasurement for:				
Retirement benefits	(887,283)	(1,248,183)	(1,085,990)	(669,796)

The plans are final salary retirement plans, which provide benefits to members in the form of a guaranteed level of pension payable. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The movement in the defined benefit obligation over the year is as follows:

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
At 1 January	3,820,179	3,717,355	2,237,252	2,432,919
Current service cost	689,798	1,227,131	400,300	401,842
Interest cost	151,488	123,876	86,587	72,287
Benefit paid	(136,000)	-	(136,000)	-
Remeasurements:				
Return on plan assets, excluding amounts included in interest expense	-	-	-	-
(Gain)/loss from change in demographic assumptions	40,321	-	4,958	-
(Gain)/loss from change in financial assumptions	362,241	-	62,761	-
Experience (gain)/loss	(1,289,845)	(1,248,183)	(1,153,709)	(669,796)
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	-
At 31 December	3,638,182	3,820,179	1,502,149	2,237,252

The principal actuarial assumptions used were as follows:

	Consolidated		Company	
	2015	2014	2015	2014
Discount rate	2.8%	4.1%	2.8%	4.1%
Inflation rate	3.0%	3.0%	3.0%	3.0%
Future salary increases rate	3.0% - 9.0%	3.0% - 9.0%	3.0% - 9.0%	3.0% - 9.0%

**19 Employee benefit obligations (Cont'd)**

Sensitivity analysis for each significant assumption disclosed

	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount rate	1%	Decrease by 8%	Increase by 9%
Salary growth rate	1%	Increase by 9%	Decrease by 8%
Pension growth rate	20%	Decrease by 14%	Increase by 20%
Mortality improvement rates	1%	Decrease by 0%	Decrease by 0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Expected maturity analysis of undiscounted retirement and post-employment medical benefits:

	<b>Unit : Baht</b>				
	<b>Consolidated</b>				<b>Total</b>
	<b>Less than a year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>	
At 31 December 2015 Retirement benefits	609,258	183,885	2,046,142	13,058,738	15,898,023

	<b>Unit : Baht</b>				
	<b>Company</b>				<b>Total</b>
	<b>Less than a year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>	
At 31 December 2015 Retirement benefits	609,258	183,885	1,418,117	1,121,844	3,333,104



**20 Deferred income taxes**

a) The analysis of deferred tax assets and deferred tax liabilities are as follows:

	<b>Unit: Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Deferred tax assets:</b>				
Deferred tax assets to be recovered within 12 months	2,763,080	15,096,221	830,141	42,125
Deferred tax assets to be recovered after more than 12 months	11,133,349	4,375,596	3,499,495	447,450
	<u>13,896,429</u>	<u>19,471,817</u>	<u>4,329,636</u>	<u>489,575</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	-	-	-	-
Deferred tax liabilities to be settled after more than 12 months	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred tax, net</b>	<u>13,896,429</u>	<u>19,471,817</u>	<u>4,329,636</u>	<u>489,575</u>

b) The movement on deferred tax during the year are as follows:

	<b>Unit: Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
At 1 January	19,471,817	(3,692,481)	489,575	-
Charged to profit or loss	(5,364,381)	23,164,298	4,057,259	489,575
Tax charged/(credit) relation to components of other comprehensive income	(211,007)	-	(217,198)	-
At 31 December	<u>13,896,429</u>	<u>19,471,817</u>	<u>4,329,636</u>	<u>489,575</u>

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**20 Deferred income taxes (Cont'd)**

c) The movement in deferred tax assets and deferred tax liabilities during the year is as follows:

	<b>Consolidated</b>			<b>Unit: Baht</b>
	<b>1 January 2015</b>	<b>Credit (debit) to profit or loss</b>	<b>Other Comprehensive income</b>	<b>31 December 2015</b>
<b>Deferred income tax assets</b>				
Loss from impairment of investments in subsidiaries	-	4,000,000	-	4,000,000
Depreciation of building improvements	3,766	26,376	-	30,142
Amortisation of film rights	18,995,739	(9,467,207)	-	9,528,532
Employee benefits	472,312	76,450	(211,007)	337,755
<b>Total</b>	<b>19,471,817</b>	<b>(5,364,381)</b>	<b>(211,007)</b>	<b>13,896,429</b>
<b>Deferred income tax, net</b>	<b>19,471,817</b>	<b>(5,364,381)</b>	<b>(211,007)</b>	<b>13,896,429</b>
				<b>Unit: Baht</b>
	<b>Company</b>			
	<b>1 January 2015</b>	<b>Credit (debit) to profit or loss</b>	<b>Other Comprehensive income</b>	<b>31 December 2015</b>
<b>Deferred income tax assets</b>				
Loss from impairment of investments in subsidiaries	-	4,000,000	-	4,000,000
Depreciation of building improvements	3,766	26,376	-	30,142
Amortisation of film rights	38,359	(38,359)	-	-
Employee benefits	447,450	69,242	(217,198)	299,494
<b>Total</b>	<b>489,575</b>	<b>4,057,259</b>	<b>(217,198)</b>	<b>4,329,636</b>
<b>Deferred income tax, net</b>	<b>489,575</b>	<b>4,057,259</b>	<b>(217,198)</b>	<b>4,329,636</b>

**20 Deferred income taxes (Cont'd)**

c) The movement in deferred tax assets and deferred tax liabilities during the year is as follows: (Cont'd)

The financial position of deferred tax assets and liabilities is as follows:

	<b>Unit: Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Deferred tax assets	13,896,429	19,471,817	4,329,636	489,575
Deferred tax liabilities	-	-	-	-
Deferred tax, net	13,896,429	19,471,817	4,329,636	489,575

The Group did not recognise deferred income tax assets of some of its subsidiaries since the Group's management evaluates by applying the concept of conservatism that the subsidiaries may not generate enough taxable profit to utilise those differences. The temporary differences arise from allowance for doubtful accounts, allowance for obsolescence, allowance for diminution in value of inventories, allowance for impairment of film rights, employee benefits obligation, share-based payment and tax losses carried forward. As at 31 December 2015, the Group did not recognise deferred income tax assets of Baht 122.28 million in respect of tax losses carried forward approximately Baht 611.39 million. A summary of the tax losses carried forward and the expiry dates are set out below:

	<b>Consolidated Baht Million</b>	<b>Company Baht Million</b>
<b>Expiry year</b>		
2016	23.15	-
2017	57.54	-
2018	104.70	-
2019	243.82	-
2020	182.18	-
	<u>611.39</u>	<u>-</u>

Such the tax losses carried forward are mainly from M V D Company Limited, M Thirty Nine Company Limited and Talent One Company Limited in which the Group's management do not expect to have sufficient taxable profit to utilise these tax losses in the near future.

**21 Share capital and premium on share capital**

	Authorised number of shares	Issued and fully paid-up		
		Number of shares	Ordinary shares Baht	Share premium Baht
<b>At 1 January 2014</b>	675,902,500	657,829,978	657,829,978	132,612,302
Decrease of authorised shares	(11,660,022)	-	-	-
Increase of authorised shares	657,829,978	641,537,187	641,537,187	320,768,593
Warrant exercised	-	430,150	430,150	369,929
<b>At 31 December 2014</b>	1,322,072,456	1,299,797,315	1,299,797,315	453,750,824
Decrease of authorised shares	(19,733,251)	-	-	-
Increase of authorised shares	12,998,000	-	-	-
Warrant exercised	-	321,861	321,861	230,452
<b>At 31 December 2015</b>	1,315,337,205	1,300,119,176	1,300,119,176	453,981,276

The total numbers of authorised ordinary shares are 1,315.33 million shares (2014: 1,322.07 million shares) with a par value of Baht 1 per share (2014: Baht 1 per share).

**Year 2015**

At the Annual General Meeting for the year ending 2015 held on 21 April 2015, the shareholders approved the following resolutions:

1. Approved a decrease in registered share capital of the Company from Baht 1,322,072,456 to Baht 1,302,339,205 by cancelling of 19,733,251 unissued registered shares at a par value of Baht 1 each for the right offering. The Company registered the decrease of the registered share capital with the Ministry of Commerce on 22 April 2015.
2. Approved an increase in registered share capital of the Company from Baht 1,302,339,205 to Baht 1,315,337,205 by the issuance of 12,998,000 new ordinary shares at a par value of Baht 1 each for the exercise of the warrants under the ESOP Project # 2 (“MPIC-ESOP#2”). The Company registered the increase of the registered share capital with the Ministry of Commerce on 23 April 2015.

During 2015, 321,861 units of warrants have been exercised for a total of capital amounting of Baht 397,498 which includes share premium of Baht 230,452.

**Year 2014**

At the Annual General Meeting for the year ending 2014 held on 23 April 2014, the shareholders approved the decrease of the Company’s registered capital by cancelling 11,660,022 unissued registered shares (except for 6,412,500 ordinary shares being reserved for warrants No. 1 (MPIC-ESOP#1)), at a par value of Baht 1 per share. This results the Company’s registered capital to be at Baht 664,242,478 with a par value of Baht 1 per share.

At the Extraordinary General Meeting of Shareholders No. 1/2014 held on 22 July 2014, the shareholders approved the increase of authorized share capital of Baht 657,829,978 from the issuance of 657,829,978 shares at a par value of Baht 1 per share with the Right Offering at Baht 1.50 per share for the use of recapitalization of the Company to support establishment of new business including the production of contents and film right distribution businesses for digital TV. As a result, the Company’s registered capital at Baht 1,322,072,456 with a par value of Baht 1 per share and a total share premium of Baht 453,750,824. The Company issued and partially received the subscription of Baht 1,299,367,165. The Company registered the increase of the registered share capital with the Ministry of Commerce on 3 September 2014.

During 2014, 430,150 units of warrants were exercised for a total of capital amounting of Baht 533,386 which includes share premium of Baht 369,929.

**22 Share-based payment**

**Share option schemes**

The Company has introduced one share option which is an equity-settled scheme. The exercise ratio and price are detailed below:

	<u>Issued date</u>	<u>Issued units Million</u>	<u>Exercise ratio Unit/share</u>	<u>Exercise price Baht/unit</u>	<u>Exercise period</u>	
					<u>Start</u>	<u>End</u>
MPIC-ESOP#1	24 April 2012	4.42	1 : 1.00	1.59	30 June 2014	23 April 2017
MPIC-ESOP#2	24 April 2015	13.00	1 : 1.00	1.84	30 June 2017	23 April 2020

Exercised date are detailed as below:

	<u>Modification Date</u>	<u>Issued units Million</u>	<u>Exercise ratio Unit/share</u>	<u>Exercise price Baht/unit</u>
MPIC-ESOP#1	28 July 2014	4.42	1 : 1.29	1.24

The Company issued and offered warrants (ESOP#1) to directors and to selected employees of the Company and its subsidiaries, which are in registered form and are non-transferable. The warrants have no offered price and their terms do not exceed 5 years from the issued date (the issued date is 24 April 2012) at a maximum of 4,424,625 units. The exercise price is at Baht 1.59 per share. The exercise ratio is one warrant to one ordinary share. The warrants can be exercised after 2 years from the date of issuance. The Company has no legal obligation to repurchase or settle the options in cash.

The Company issued and offered warrants (ESOP#2) to directors and to selected employees of the Company and its subsidiaries, which are in registered form and are non-transferable. The warrants have no offered price and their terms do not exceed 5 years from the issued date (the issued date is 24 April 2015) at a maximum of 12,998,000 units. The exercise price is at Baht 1.84 per share. The exercise ratio is one warrant to one ordinary share. The warrants can be exercised after 2 years from the date of issuance. The Company has no legal obligation to repurchase or settle the options in cash.

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**22 Share-based payment (Cont'd)**

**Share option schemes** (Cont'd)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows

	<b>Consolidated</b>		<b>Company</b>	
	<b>Average exercise price Baht per share</b>	<b>Option</b>	<b>Average exercise price Baht per share</b>	<b>Option</b>
At 1 January 2014	1.59	2,308,500	1.59	2,308,500
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	(333,450)	-	(333,450)
Expired	-	-	-	-
At 31 December 2014	<u>1.24</u>	<u>1,975,050</u>	<u>1.24</u>	<u>1,975,050</u>
At 1 January 2015				
- MPIC-ESOP#1	1.24	1,975,050	1.24	1,975,050
Granted				
- MPIC-ESOP#2	1.84	12,998,000	1.84	12,998,000
Forfeited				
- MPIC-ESOP#1	-	(333,450)	-	(333,450)
- MPIC-ESOP#2	-	(2,079,680)	-	(2,079,680)
Exercised				
- MPIC-ESOP#1	-	(250,088)	-	(250,088)
At 31 December 2015	<u>1.77</u>	<u>12,309,832</u>	<u>1.77</u>	<u>12,309,832</u>

During 2015, warrants (ESOP#1) of 250,088 options have been exercised amount of Baht 397,498 and 333,450 options have been forfeited (2014: 333,450 options have been exercised amount of Baht 533,386) (Note 21).

As at 31 December 2015, the Company had 12,309,832 outstanding options (2014: 1,975,050).

Share options outstanding at the end of the period have the following expiry date and exercise price:

	<b>Consolidated</b>		<b>Company</b>	
	<b>Average exercise price Baht per share</b>	<b>Shares</b>	<b>Average exercise price Baht per share</b>	<b>shares</b>
MPIC-ESOP#1 Expired date :				
23 April 2017				
31 December 2014	1.24	1,975,050	1.24	1,975,050
31 December 2015	1.24	1,391,512	1.24	1,391,512
MPIC-ESOP#2 Expired date :				
23 April 2020				
31 December 2015	1.84	10,918,320	1.84	10,918,320

**22 Share-based payment (Cont'd)**

During the year ended 31 December 2015, there is no change in the condition of warrants (MPIC-ESOP#1 and MPIC-ESOP#2) assumptions applied in valuation model is as follows:

<b>Condition of warrants</b>	<b>MPIC-ESOP#1</b>	<b>MPIC-ESOP#2</b>
Average exercise price (Baht per share)	1.24	1.84
Exercise ratio (Unit per share)	1 : 1.29	1 : 1.00
<b>Variable</b>		
Fair value of warrant (Baht per option)	1.17 - 1.34	0.80
Volatility (%)	39.72 - 63.80	50.45
Dividend yield (%)	1.23	0.96
Weighted average share price at the granted date (Baht per share)	2.40	1.82
Expected option life (year)	0.18 - 1.93	5.00
Risk-free interest rate (%)	2.00 - 2.38	2.18

Volatility was determined from historical fluctuation in stock price of the remaining period of share option scheme. If the volatility of the stock price of MPIC increases, the value of MPIC-ESOP#1 will be increased.

The Company recognized the value of warrants over the vesting period. As at 31 December 2015, the expense related to warrant is recognized as an expense in the consolidated and company income statements with a corresponding credit to the consolidated and company equity of Baht 1,844,123 (2014: Baht 1,996,333).

**23 Legal reserve**

	<b>Unit: Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
At 1 January	3,813,156	3,813,156	3,813,156	3,813,156
Appropriation during the year	-	-	-	-
At 31 December	<u>3,813,156</u>	<u>3,813,156</u>	<u>3,813,156</u>	<u>3,813,156</u>

Under the Public Limited Company Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital of the Company. The reserve is non-distributable.

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**24 Expense by nature**

Significant expenses by nature carried out are as follows:

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
Staff costs	73,924,890	82,370,670	17,284,803	16,006,720
Depreciation on building and equipment (Note 14)	5,860,509	5,481,105	1,828,413	1,199,030
Amortization of intangible assets				
- Film rights (Note 15)	308,223,711	436,696,787	-	-
- Computer software (Note 15)	208,324	261,363	175,210	178,985
Impairment (reversal) of assets				
- Film rights (Note 15)	(16,767,305)	16,903,613	-	-
Bad debt and (reverse) doubtful accounts	4,482,509	98,653,867	-	16,767
Impairment of inventories	2,450,000	283,096	-	-

**25 Finance costs**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
<b>Finance costs</b>				
Bank borrowings	520,813	24,473,373	-	7,058,147
Short-term borrowings from related parties	-	956,986	-	6,138,741
Finance lease	45,690	22,682	45,690	22,682
Others	-	-	-	-
<b>Total</b>	<b>566,503</b>	<b>25,453,041</b>	<b>45,690</b>	<b>13,219,570</b>

**26 Income tax**

	Unit: Baht			
	Consolidated		Company	
	2015	2014	2015	2014
<b>For the year ended 31 December</b>				
Current tax	1,225,420	3,703,727	1,225,421	-
Deferred income tax:				
Origination and reversal of temporary differences	5,364,381	(23,164,298)	(4,057,259)	(489,575)
<b>Income tax</b>	<b>6,589,801</b>	<b>(19,460,571)</b>	<b>(2,831,838)</b>	<b>(489,575)</b>



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**26 Income tax (Cont'd)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Loss before tax	(96,468,259)	(208,722,315)	(17,867,430)	(99,927,315)
Tax calculated at a tax rate of 20% (2014: 20%)	(19,293,652)	(41,744,463)	(3,573,486)	(19,985,463)
Tax effect of:				
Joint venture's results reported net of tax	793,384	(1,470,915)	-	-
Income not subject to tax	-	-	(2,699,994)	-
Expenses not deductible for tax purpose	2,639,633	794,113	34,236	26,282
Temporary differences in which no deferred income tax asset was recognised	7,747,977	33,293,651	7,547,176	19,865,877
Utilisation of previously unrecognised tax losses	(21,951,851)	(37,604,272)	(4,139,770)	(536,041)
Tax losses for which no deferred income tax asset was recognised	35,780,091	29,500,087	-	139,770
Unrealised (gain) losses from intercompany transaction	874,219	(2,228,772)	-	-
Tax charge/(credit)	6,589,801	(19,460,571)	(2,831,838)	(489,575)

**27 Loss per share**

Basic loss per share are calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of paid-up ordinary shares in issue during the year.

The basic loss per share are calculated as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Loss (Baht)</b>				
Net loss attributable to ordinary shareholders of the company	(100,098,761)	(183,264,178)	(15,035,592)	(99,437,740)
<b>Weighted average number of ordinary shares outstanding (Shares)</b>	1,299,960,450	882,915,824	1,299,960,450	882,915,824
<b>Basic loss per share (Baht per share)</b>	(0.08)	(0.21)	(0.01)	(0.11)

The diluted loss per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. The share options a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings.

**27 Loss per share (Cont'd)**

The diluted earnings per share are calculated as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Loss (Baht)</b>				
Net loss attributable to shareholders of the company	(100,098,761)	(183,264,178)	(15,035,592)	(99,437,740)
<b>Weighted average number of ordinary shares outstanding (Shares)</b>	1,299,960,450	882,915,824	1,299,960,450	882,915,824
Adjustments for:				
The effect of dilutive potential shares	472,280	1,154,250	472,280	1,154,250
Weighted average number of ordinary shares for diluted loss per share	1,300,432,730	884,070,074	1,300,432,730	884,070,074
<b>Diluted loss per share (Baht per share)</b>	<b>(0.08)</b>	<b>(0.21)</b>	<b>(0.01)</b>	<b>(0.11)</b>

**28 Related party transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is a subsidiary of Major Cineplex Group Public Company Limited which owns 92.46% of the Company's shares (2014: 92.49%). All subsidiaries and associates of Major Cineplex Group Company Limited are related parties.

**M Pictures Entertainment Public Company Limited**  
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**28 Related party transactions (Cont'd)**

The following significant transactions were carried out with related parties:

**i) Sales of goods/services and others**

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Management fee income</b>				
Subsidiaries	-	-	16,800	16,800
Joint venture	292	7,002	200	-
	<u>292</u>	<u>7,002</u>	<u>17,000</u>	<u>16,800</u>
<b>Sales of goods and services</b>				
Parent company	47,533	100,306	-	-
Subsidiaries	-	-	-	8,530
Related companies	18,411	34,887	5	-
Joint venture	6,503	7,440	-	-
	<u>72,447</u>	<u>142,633</u>	<u>5</u>	<u>8,530</u>
<b>Advertising income</b>				
Parent company	4,920	-	-	-
Related company	6,869	60,400	-	-
Joint venture	5	-	-	-
	<u>11,794</u>	<u>60,400</u>	<u>-</u>	<u>-</u>
<b>Rental and service income</b>				
Subsidiaries	-	-	2,910	2,910
	<u>-</u>	<u>-</u>	<u>2,910</u>	<u>2,910</u>
<b>Interest income</b>				
Parent company	108	-	108	-
Subsidiaries	-	-	19,163	15,263
Joint venture	4,277	3,628	-	-
	<u>4,385</u>	<u>3,628</u>	<u>19,271</u>	<u>15,263</u>

**28 Related party transactions (Cont'd)**

The following significant transactions were carried out with related parties: (Cont'd)

**ii) Purchase of goods/services and others**

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Purchase of goods and services</b>				
Parent company	3,130	7,680	-	-
Subsidiaries	-	-	3	-
Related companies	738	2,183	-	-
	<u>3,868</u>	<u>9,863</u>	<u>3</u>	<u>-</u>
<b>Advertising expense</b>				
Parent company	1,843	2,499	-	-
Related companies	4,866	202	-	-
Joint venture	1,200	1,360	-	-
	<u>7,909</u>	<u>4,061</u>	<u>-</u>	<u>-</u>
<b>Rental and service expenses</b>				
Parent company	<u>4,323</u>	<u>4,338</u>	<u>4,323</u>	<u>4,338</u>
<b>Interest expense</b>				
Parent company	-	957	-	773
Subsidiaries	-	-	-	5,366
	<u>-</u>	<u>957</u>	<u>-</u>	<u>6,139</u>
<b>Other expenses</b>				
Parent company	288	406	288	391
Related company	19	165	19	96
	<u>307</u>	<u>571</u>	<u>307</u>	<u>487</u>

Pricing policies for related party transactions are as follows:

<b>Pricing policies</b>	
Advertising fees	Agreed prices as stipulated in the agreements
Film rights	Agreed prices as stipulated in the agreements
Rental and services	Agreed prices which approximate to market price
Interest charge	Agreed rates ranging from 2.00% to 3.50% per annum
Management fees	Agreed prices as stipulated in the agreements

**28 Related party transactions (Cont'd)**

The following significant transactions were carried out with related parties: (Cont'd)

**iii) Outstanding balances arising from sales/purchases of goods/services and others**

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Trade accounts receivable</b> (included in "Trade accounts receivable and other receivables")				
Parent company	10,227	6,354	-	-
Subsidiaries	-	-	1,498	1,915
Related companies	2,652	10,093	-	-
Joint venture	164	31,182	86	-
Total trade accounts receivable	<u>13,043</u>	<u>47,629</u>	<u>1,584</u>	<u>1,915</u>
<b>Accrued income</b>				
Parent company	835	3,635	-	-
Related companies	309	1,085	-	-
Joint venture	500	-	-	-
Total accrued income	<u>1,644</u>	<u>4,720</u>	<u>-</u>	<u>-</u>
Trade accounts receivable and accrued income, net	14,687	52,349	1,584	1,915
<u>Less</u> Allowance for doubtful account	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Trade accounts receivable and accrued income, net	<u>14,687</u>	<u>52,349</u>	<u>1,584</u>	<u>1,915</u>
<b>Amounts due from related parties</b>				
Parent company	61	-	20	-
Subsidiaries	-	-	23,881	35,882
Related company	107	230	-	-
Joint venture	-	116,719	-	-
Total amounts due from	168	116,949	23,901	35,882
<u>Less</u> Allowance for doubtful account	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount due from related parties, net	<u>168</u>	<u>116,949</u>	<u>23,901</u>	<u>35,882</u>
<b>Guarantee paid for rental and service</b> (included in "Non-current assets")				
Parent company	<u>1,253</u>	<u>1,264</u>	<u>1,253</u>	<u>1,264</u>

**28 Related party transactions (Cont'd)**

The following significant transactions were carried out with related parties: (Cont'd)

**iii) Outstanding balances arising from sales/purchases of goods/services and others (Cont'd)**

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Trade accounts payable</b> (included in "Trade accounts payable and other payables")				
Parent company	4,188	6,342	-	-
Related companies	773	1,400	-	-
Joint venture	-	535	-	-
<b>Total trade accounts payable</b>	<b>4,961</b>	<b>8,277</b>	<b>-</b>	<b>-</b>
<b>Amount due to related parties</b>				
Parent company	293	50	51	50
Subsidiary	-	-	11,776	14,773
Related companies	25	47	-	-
Joint venture	-	21,114	-	-
Committee	483	325	483	325
<b>Total amount due to related parties</b>	<b>801</b>	<b>21,536</b>	<b>12,310</b>	<b>15,148</b>
<b>Guarantee deposits for rental and service</b> (included in "Other non-current assets")				
Subsidiaries	-	-	747	747

As at 31 December 2014, amounts due from related parties - joint venture totaling Baht 116.60 million are concerned with advance payment for film production and the costs associated with the production of the film.

**28 Related party transactions (Cont'd)**

**iv) Short-term loans to related parties**

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Subsidiaries</b>				
At 1 January	-	-	882,500	204,600
Loans made during the year	-	-	325,900	1,196,500
Loans repaid during the year	-	-	(366,100)	(518,600)
At 31 December	-	-	842,300	882,500
<b>Parent company</b>				
At 1 January	-	-	-	-
Loans made during the year	75,000	-	75,000	-
Loans repaid during the year	(75,000)	-	(75,000)	-
At 31 December	-	-	-	-
<b>Total short-term loans</b>				
<b>To related parties</b>	-	-	842,300	882,500

Loans to subsidiaries are unsecured and carry interest at the rate of 2.00% and 3.50% per annum (2014: 2.00% per annum, 3.50% per annum, 4.25% per annum and 7.00% per annum). Such loans are in the form of promissory notes and are due at call.

Loans to parent company are unsecured and carry interest at the rate of 2.00% per annum (31 December 2014: Nil) and are due at call.

**v) Short-term borrowings from related parties**

The movement in short-term borrowings from related parties can be analysed as follows:

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Subsidiaries</b>				
At 1 January	-	-	-	104,500
Borrowings acquired during the year	-	-	-	75,900
Repayment of borrowings during the year	-	-	-	(180,400)
At 31 December	-	-	-	-
<b>Parent company</b>				
At 1 January	-	55,000	-	40,000
Borrowings acquired during the year	-	115,000	-	115,000
Repayment of borrowings during the year	-	(170,000)	-	(155,000)
At 31 December	-	-	-	-
<b>Total short-term borrowings from related parties</b>				
	-	-	-	-

**28 Related party transactions (Cont'd)**

**vi) Key management compensation**

The compensation paid to key management for employee services for the year ended 31 December is shown below:

	<b>Unit: Baht'000</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Short-term employee benefits	11,513	10,672	11,513	10,672
Post-employee benefits	91	85	91	85
	<u>11,604</u>	<u>10,757</u>	<u>11,604</u>	<u>10,757</u>

**29 Commitments and contingencies**

**i) Bank guarantees**

As at 31 December 2015, there were outstanding bank guarantees given on behalf of the Group to third parties in respect of film rights purchases amounting to Baht 26.33 million (2014: Baht 25.00 million).

**ii) Operating lease commitments - where a Group Company is the lessee**

As at 31 December 2015, the Company and its subsidiaries had commitments in respect of long-term lease of land, buildings and service contracts to a related party and third parties. The future aggregate minimum lease and service payments under non-cancellable contracts are as follows:

	<b>Unit: Million Baht</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Not later than 1 year	2.24	2.93	3.99	3.90
Later than 1 year but not later than 5 years	2.21	5.22	0.55	3.76
Total operating lease commitments	<u>4.45</u>	<u>8.15</u>	<u>4.54</u>	<u>7.66</u>

**iii) Commitments from purchase of film rights**

As at 31 December 2015, the Group had commitments in respect of purchases of film rights amounting to USD 1.96 million payable over the next two years (2014: USD 2.22 million, Baht 85.46 million).

**iv) Commitments from film productions**

As at 31 December 2015, the Group had commitments under film production agreements, advertising and programme broadcasting agreements with various film directors and other companies. The Company is committed to pay the amounts as stipulated in related agreements totalling Baht 4.68 million (2014: Baht 15.49 million).